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比速科技集團國際有限公司
Bisu Technology Group International Limited
(incorporated in the Cayman Islands with limited liability)
(Stock code: 1372)

**MAJOR TRANSACTION IN RELATION TO
DISPOSAL OF ENTIRE ISSUED SHARE CAPITAL OF
THE TARGET COMPANY
AND THE SALE LOAN OWED BY THE TARGET GROUP**

THE S&P AGREEMENT

Reference is made to the announcement of the Company dated 20 January 2021 in relation to the MOU regarding the Disposal. The Board announces that on 27 January 2021 (after trading hours of the Stock Exchange), the Vendor (a wholly-owned subsidiary of the Company) entered into the S&P Agreement with the Purchaser, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Share and the Sale Loan at the total Consideration of HK\$41,500,000, in accordance with the terms and conditions of the S&P Agreement.

THE LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal is 25% or more but less than 75%, the Disposal constitutes a major transaction on the part of the Company and is therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

WRITTEN SHAREHOLDERS' APPROVAL

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholders or any of their respective associates has a material interest in the Disposal, therefore no Shareholder is required to abstain from voting on the proposed resolution to approve the S&P Agreement and the transactions contemplated thereunder in the general meeting of the Shareholders. Accordingly, the Company has obtained written approval for the Disposal from Youth Force Asia Ltd., the controlling Shareholder, which holds 147,700,000 Shares, representing approximately 73.85% of the issued share capital of the Company as at the date of this announcement, to dispense with the holding of a general meeting of the Company pursuant to Rule 14.44 of the Listing Rules.

GENERAL

A circular of the Company containing, among other matters, further details of the Disposal and other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 19 February 2021. If additional time is required for preparing the circular, the Company may apply for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules.

As Completion is subject to the fulfillment of the conditions precedent under the S&P Agreement, the Disposal may or may not proceed to Completion. Accordingly, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

THE DISPOSAL

Reference is made to the announcement of the Company dated 20 January 2021 in relation to the MOU regarding the Disposal.

The Board announces that on 27 January 2021 (after trading hours of the Stock Exchange), the Vendor (a wholly-owned subsidiary of the Company) entered into the S&P Agreement with the Purchaser, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Share and the Sale Loan at the total Consideration of HK\$41,500,000, in accordance with the terms and conditions of the S&P Agreement.

THE S&P AGREEMENT

Set out below are the principal terms of the S&P Agreement:

Date

27 January 2021

Parties

Purchaser: Mr. Liu Chang

Vendor: Future Marvel Limited, a wholly-owned subsidiary of the Company

Target Company: Well Surplus Enterprises Limited

As at the date of this announcement, to the best of the Directors' knowledge, information and belief having made reasonable enquiries, the Purchaser and his associates are Independent Third Parties.

Asset to be disposed of

Pursuant to the S&P Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase:

- (a) the Sale Share, free from all encumbrances and together with all rights attaching thereto as from the Completion Date, including but not limited to all dividends paid, declared or made on or after the Completion Date; and
- (b) the Sale Loan, free from all encumbrances and together with all rights, titles, benefits and interests attaching thereto as at the Completion Date.

Further particulars of the Target Group are set out in the section headed "INFORMATION OF THE TARGET GROUP" below.

Consideration

The total Consideration is HK\$41,500,000, which shall be settled by the Purchaser in the following manner:

- (a) the Earnest Money will be applied at Completion to set off against an equivalent aggregate amount of HK\$500,000 of the Consideration; and
- (b) the balance of HK\$41,000,000 shall be satisfied by way of waiver of the PN Interests by Power Expert at the procurement of the Purchaser on or before the Completion Date.

The Consideration was determined after arm's length negotiations and on normal commercial terms, with reference to (i) the financial position of the Target Group; (ii) valuation of the Target Group at HK\$0 as at 30 November 2020 as appraised by Moore, based on cost approach; and (iii) the information set out under the section headed "REASONS FOR AND BENEFITS OF THE DISPOSAL" below. The Directors consider that the Consideration is fair and reasonable and in the interest of the Company and its Shareholders as a whole.

Conditions precedent

Completion is conditional upon the satisfaction or (where applicable) waiver of the following:

- (a) each of the Company, the Vendor, the Target Company and the Purchaser having obtained approvals from all relevant government departments, authorities and/or third parties for the transactions contemplated under the S&P Agreement;
- (b) the waiver by Power Expert of the PN Interests;
- (c) the warranties given by the Vendor under the S&P Agreement remaining true and accurate and not misleading in all material respects, and the Vendor has not breached any terms under the S&P Agreement in any material respects; and
- (d) the warranties given by the Purchaser under the S&P Agreement remaining true and accurate and not misleading in all material respects, and the Purchaser has not breached any terms under the S&P Agreement in any material respects.

The Purchaser may waive in writing any of the conditions precedent set out in sub-paragraph (c) above at any time before the Completion Date. The Vendor may waive in writing any of the conditions precedent set out in sub-paragraph (d) above at any time before the Completion Date. Save as aforesaid, none of the conditions precedent may be waived.

If the conditions set out above have not been satisfied (or as the case may be, waived by the Purchaser or the Vendor) on or before 5 February 2021 (or such later date as the Vendor and the Purchaser may agree in writing), the S&P Agreement shall lapse and thereafter neither the Vendor nor the Purchaser shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

Completion

Completion shall take place on the Completion Date, being the second Business Day after the fulfilment (or waiver, as the case may be) of the conditions set out above, or such other date as the Vendor and the Purchaser may agree in writing.

Upon Completion, the Target Company and its subsidiaries will cease to be subsidiaries of the Company.

INFORMATION ON THE GROUP AND THE VENDOR

The Vendor is a wholly-owned subsidiary of the Company and is an investment holding company.

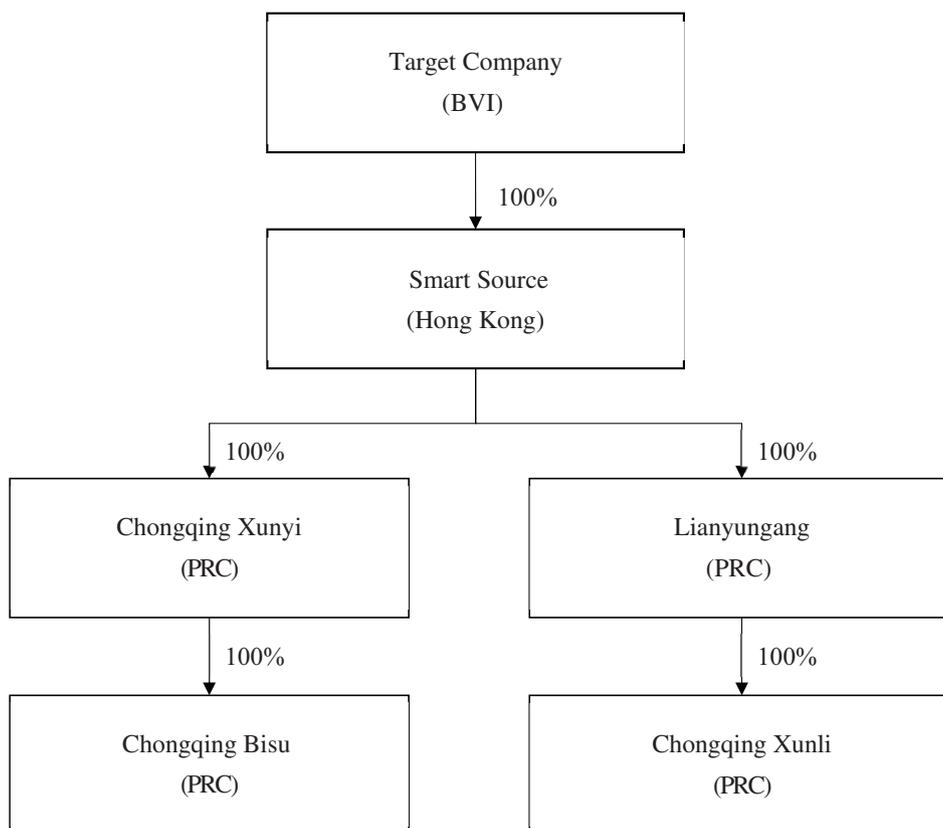
The Group is principally engaged in two business segments, which are (i) development, production and sale of automotive engines; and (ii) civil engineering works and building construction and maintenance works.

INFORMATION ON THE PURCHASER

The Purchaser is an individual investor with diversified investment in the PRC and Hong Kong.

INFORMATION OF THE TARGET GROUP

Set out below is the simplified shareholding structure of the Target Group as at the date of this announcement:



Each of the Target Company, Smart Source, Lianyungang and Chongqing Xunyi is an investment holding company. The principal asset of the Target Group is the entire equity interest in Chongqing Bisu and Chongqing Xunli.

Chongqing Bisu is principally engaged in the development, production and sales of automobile engines and parts.

Chongqing Xunli is principally engaged in business operation management and business marketing strategy & consultation.

Financial Information of the Target Group

Set out below is a summary of audited consolidated financial information of the Target Group as prepared in accordance with Hong Kong Financial Reporting Standards for the two years ended 31 December 2018 and 2019 and the unaudited consolidated financial information of the Target Group for the six months ended 30 June 2020:

	For the years ended		For the six
	31 December	31 December	months ended
	2018	2019	30 June 2020
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	276,514	81,293	2,429
Loss before tax	133,379	396,848	37,065
Loss after tax	135,926	393,336	37,065

As of 30 November 2020, the appraised unaudited consolidated total asset value and net liabilities of the Target Group were HK\$50,300,000 and HK\$296,800,000, respectively, based on the valuation conducted by Moore.

FINANCIAL EFFECT OF THE DISPOSAL

As at the date of this announcement, the Target Company is an indirect wholly-owned subsidiary of the Company. Upon Completion, the Target Company will cease to be a subsidiary of the Company and the Company will cease to have any interest in the Target Company. The financial results of the Target Group will no longer be consolidated into the consolidated financial statements of the Group following Completion and the Group will cease to engage in the business of development, production and sale of automotive engines business.

It is estimated that, upon Completion, the Company will record a gain on disposal of approximately HK\$280,000,000, calculated by taking into account the Consideration, the relevant expenses in relation to the Disposal, the net liabilities of the Target Group of approximately HK\$296,800,000 million as at 30 November 2020, and the Sale Loan. Shareholders should note that the actual amount of the gain of the Disposal to be recognised in the consolidated financial statement of the Company depends on (i) the net asset value of the Target Group as at the Completion Date and; (ii) (where applicable) the discounted value of the PN Interests, therefore the gain from Disposal is subject to the final review of the auditor of the Company and may be different from the amount mentioned above.

Save for the Earnest Money, no proceeds in cash will be received by the Group from the Disposal as the Consideration shall be settled by way of waiver of the PN Interests in full. The Earnest Money will be applied as general working capital of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company is an investment holding company incorporated in the Cayman Islands with limited liability. The Group is principally engaged in civil engineering works and building construction and maintenance works and development, production and sale of automotive engines.

As disclosed in the annual report of the Company for the year ended 31 December 2019 and the interim report of the Company for the six months ended 30 June 2020 (the “**Interim Report**”), as the Target Group’s final products are specifically designed for only a few customers in the PRC, operation status of each of such customers will have a crucial impact on the performance of the Target Group. The management of the Group have noticed that in the past few years, as a result of the reduction of excessive production capacity policy and the de-leveraging policy in the PRC since 2018, business performance of most of the customers of the Target Group are unsatisfactory, and they are facing financial difficulties with their operations materially affected. The accounts receivables due from them still remain outstanding as at the date of this announcement, as detailed in the Interim Report.

Among these customers, the Company is aware that a key customer (the “**Key Customer**”) is undergoing corporate restructuring in order to improve its financial position and resume normal operation, yet the progress of restructuring is slow and the Key Customer only maintains minimal level of operation until now. Further, the management of the Group was given to understand that a new engine production line may be injected into the Key Customer following its business restructuring and such injection will materially reduce its orders placed with the Target Group in the future.

Since the drop of the business of the Target Group in 2018 due to reasons mentioned above, the Company and the Directors have been proactively evaluating the business strategies of the Target Group with an aim to stabilizing the business performance and maintaining sustainable development of the Target Group, yet, in light of the above drop in the overall business performance of the customers of the Target Group, the Board is in the view that the business prospect of the Target Group is highly uncertain and not promising. As at the date of this announcement, the Target Group only maintains minimal operation and full impairment losses were made on the property, plant and equipment and goodwill of the Target Group during 2020.

The Board is in the view that the Disposal is fair and reasonable and in the interest of the Group and the Shareholders as a whole as the Disposal would improve the financial position of the Group, having considered (i) the unaudited consolidated net liabilities of the Target Group as at 30 November 2020 of approximately HK\$296,800,000; (ii) the valuation of the Target Company at HK\$0 as at 30 November 2020, as appraised by Moore, based on cost approach; (iii) the continuous net loss of the Target Group of approximately HK\$393,300,000 for the year ended 31 December 2019 and approximately HK\$37,100,000 for the six months ended 30 June 2020; (iv) the likely inability of the Target Group to repay the Sale Loan due to its deteriorating performance; and (v) the gain on disposal of approximately HK\$280,000,000, with the consideration to be settled mainly by waiver of the PN Interests, which would otherwise have to be paid by the Company to Power Expert as they fall due.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal is 25% or more but less than 75%, the Disposal constitutes a major transaction on the part of the Company and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

WRITTEN SHAREHOLDERS' APPROVAL

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholders or any of their respective associates has a material interest in the Disposal, therefore no Shareholder is required to abstain from voting on the proposed resolution to approve the S&P Agreement and the transactions contemplated thereunder in general meeting of the Shareholders. Accordingly, the Company has obtained written approval for the Disposal from Youth Force Asia Ltd., the controlling Shareholder, which holds 147,700,000 Shares, representing approximately 73.85% of the issued share capital of the Company as at the date of this announcement, to dispense with the holding of a general meeting of the Company pursuant to Rule 14.44 of the Listing Rules.

GENERAL

A circular of the Company containing, among other matters, further details of the Disposal, and other information as required to be disclosed under the Listing Rules, is expected to be despatched to the Shareholders on or before 19 February 2021. If additional time is required for preparing the circular, the Company may apply for a waiver from strict compliance with Rule 14.41(a) of the Listing Rules.

As Completion is subject to the fulfillment of the conditions precedent under the S&P Agreement, the Disposal may or may not proceed to Completion. Accordingly, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	board of the Directors
“Business Day(s)”	a day (other than a Saturday, Sunday or public holiday in Hong Kong or any day on which a tropical cyclone signal No. 8 or above or a “black rainstorm signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“BVI”	the British Virgin Islands

“Chongqing Bisu”	重慶比速雲博動力科技有限公司 (Chongqing Bisu Yunbo Power Technology Company Limited [#]), a company established in the PRC with limited liability and is a wholly-owned subsidiary of Chongqing Xunyi
“Chongqing Xunli”	重慶迅利商業管理有限公司 (Chongqing Xunli Business Management Company Limited [#]), a company established in the PRC with limited liability and is a wholly-owned subsidiary of Lianyungang
“Chongqing Xunyi”	重慶訊逸企業管理有限公司 (Chongqing Xunyi Corporate Management Company Limited [#]), a company established in the PRC with limited liability and is a wholly-owned subsidiary of Smart Source
"close associate(s)"	has the meaning ascribed to it under the Listing Rules
“Company”	Bisu Technology Group International Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange (Stock Code: 1372)
“Completion”	completion of the Disposal in accordance with the terms and conditions of the S&P Agreement
“Completion Date”	date of Completion which shall be the second Business Day after the fulfilment (or as appropriate, waiver) of conditions set out in the S&P Agreement or such later date as the Vendor and the Purchaser may agree in writing
“Consideration”	the total consideration of HK\$41,500,000 payable by the Purchaser to the Vendor for the acquisition of the Sale Share and the Sale Loan in accordance with the terms of the S&P Agreement
“Director(s)”	director(s) of the Company
“Disposal”	the proposed disposal of the Sale Share and the Sale Loan by the Vendor to the Purchaser pursuant to the S&P Agreement
“Earnest Money”	HK\$500,000 paid by the Purchaser to the Vendor on 20 January 2021 pursuant to the MOU as earnest money for the purchase of the Sale Share and the Sale Loan, which is refundable to the Purchaser in the event the Disposal fails to proceed to Completion
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Third Party(ies)”	independent third party(ies) who is(are) not connected with the Company and its connected persons (as defined in the Listing Rules)
“Lianyungang”	連雲港訊利信息諮詢服務有限公司 (Lianyungang Signality and Information Consulting Service Company Limited [#]), a wholly foreign-enterprise company established in the PRC with limited liability and is a wholly-owned subsidiary of the Hong Kong Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“Moore”	Moore Transaction Services Limited, an independent professional valuer appointed by the Company to conduct valuation on the Target Group
“MOU”	the non-legally binding memorandum of understanding dated 20 January 2021 entered into between the Vendor and the Purchaser setting out the preliminary understanding in relation to the Disposal
“PN Interests”	the interests in the amount of HK\$41,000,000 payable by the Company to Power Expert from 5 February 2020 to 4 February 2022 pursuant to the terms of the Promissory Notes
“PRC”	the People’s Republic of China, which for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Power Expert”	Power Expert Global Limited, a company incorporated in the British Virgin Islands with limited liability, being the holder of the Promissory Notes, the ultimate beneficial owner of which is Mr. Wang Hongzhang, an Independent Third Party
“Promissory Notes”	interest bearing promissory notes issued by the Company on 4 February 2016 (as amended on 31 December 2017 and 14 January 2020) in the aggregate principal amount of HK\$410,000,000
“Purchaser”	Mr. Liu Chang
“S&P Agreement”	the conditional sale and purchase agreement dated 27 January 2021 entered into between the Purchaser and the Vendor relating to the Disposal
“Sale Loan”	the shareholder’s loan owed respectively by the Target Company and Lianyungang to the Vendor at Completion. As at the date of this announcement, the Sale Loan amounted to approximately HK\$49,700,000
“Sale Share”	one issued share of US\$1.00 in the share capital of the Target Company, representing the entire issued share capital of the Target Company

“Share(s)”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Smart Source”	Smart Source Corporation Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Target Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Well Surplus Enterprises Limited, a company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company
“Target Group”	the Target Company and its subsidiaries
“US\$”	United States dollar(s), the lawful currency of the United States of America
“Vendor”	Future Marvel Limited, a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of the Company
“%”	per cent.

the English translation of Chinese names or words in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words

By order of the Board
Bisu Technology Group International Limited
Lam Wah
Executive Director

Hong Kong, 27 January 2021

As at the date of this announcement, the executive Directors are Mr. Artem Matyushok, Mr. Brett Ashley Wight, Mr. Chin Chun Hin, Mr. Lam Wah and Mr. Xing Bin; and the independent non-executive Directors are Mr. Ip Mei Shun, Mr. Leung Tsz Wing and Mr. Yu Wai Chun.