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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)

THIRD SUPPLEMENTAL S&P AGREEMENT FOR THE MAJOR TRANSACTION

THIRD SUPPLEMENTAL S&P AGREEMENT TO THE SALE AND PURCHASE AGREEMENT

On 31 December 2017 (after trading hours), the Purchaser, the Vendor and the Guarantor entered into the 3rd Supplemental S&P Agreement to make certain amendments to the Sale and Purchase Agreement (as amended and supplemented by the Supplemental S&P Agreements) to settle the differences in respect of the 2nd Guaranteed Profit subject to the conditions precedent under the 3rd Supplemental S&P Agreement being satisfied. The details of the amendments are set out in the paragraph headed “Proposed Amendments” under the section headed “Third Supplemental S&P Agreement to the Sale and Purchase Agreement” below.

IMPLICATIONS UNDER THE LISTING RULES

As the Acquisition constituted a major transaction on the part of the Company under Chapter 14 of the Listing Rules, the 3rd Supplemental S&P Agreement will be subject to Shareholders’ approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 28.05 of the Listing Rules, any alterations in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible debt securities.

The Company will apply to the Stock Exchange for approval of the CB Amendment.

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approving the 3rd Supplemental S&P Agreement and the transactions contemplated thereunder (including but not limited to the approval of the Amendment Deed and the transactions contemplated thereunder, the allotment and issue of the Conversion Shares upon exercise of the conversion rights attached to the Convertible Bonds (as amended) and the extension of the maturity date of the Promissory Notes).

A written Shareholder's approval dated 31 December 2017 has been obtained from the Company's controlling Shareholder, Youth Force Asia Ltd., being the holder of 150,000,000 Shares (representing 75% of the issued share capital of the Company as at the date of this announcement), for the 3rd Supplemental S&P Agreement and the transactions contemplated thereunder (including but not limited to the approval of the Amendment Deed and the transactions contemplated thereunder, the allotment and issue of the Conversion Shares upon exercise of the conversion rights attached to the Convertible Bonds (as amended) and the extension of the maturity date of the Promissory Notes). Such written approval has been accepted in lieu of holding a general meeting of the Company for approving the 3rd Supplemental S&P Agreement and the transactions contemplated thereunder (including but not limited to the approval of the Amendment Deed and the transactions contemplated thereunder, the allotment and issue of the Conversion Shares upon exercise of the conversion rights attached to the Convertible Bonds (as amended) and the extension of the maturity date of the Promissory Notes). Therefore, no general meeting of the Company will be convened pursuant to Rule 14.44 of the Listing Rules.

GENERAL

A circular containing, among other matters, further details of the 3rd Supplemental S&P Agreement and the transactions contemplated thereunder is expected to be despatched to the Shareholders on or before 22 January 2018. If additional time is required for preparing the circular, the Company may apply for a waiver from strict compliance of Rule 14.41(a) of the Listing Rules.

Shareholders and investors should note that the CB Extension and the 2nd PG Amendment are subject to various conditions as stated in the section headed "Conditions precedent". Potential investors and Shareholders are therefore urged to exercise caution when dealing in the Shares.

Reference is made to the circular (the "**Previous Circular**") of Bisu Technology Group International Limited (the "**Company**") dated 19 January 2016 and in relation to the acquisition (the "**Acquisition**") of the entire equity interest in Well Surplus Enterprises Limited and the announcement of the Company dated 4 February 2016 in relation to completion of the Acquisition. Unless the context otherwise requires, capitalised terms used in this announcement shall have the same meanings as those defined in the Previous Circular.

THIRD SUPPLEMENTAL S&P AGREEMENT TO THE SALE AND PURCHASE AGREEMENT

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. The Vendor is principally engaged in investment holding.

On 31 December 2017 (after trading hours), the Purchaser, the Vendor and the Guarantor entered into a third supplemental agreement (the “**3rd Supplemental S&P Agreement**”) to make certain amendments to the Sale and Purchase Agreement (as amended and supplemented by the Supplemental S&P Agreements) to settle the differences in respect of the 2nd Guaranteed Profit subject to the conditions precedent under the 3rd Supplemental S&P Agreement being satisfied.

Proposed amendments

The proposed amendments (the “**Proposed Amendments**”) to be made under the 3rd Supplemental S&P Agreement are as follows:

- (1) the Maturity Date of the Convertible Bonds shall be extended for 2 years from 4 February 2018 to 4 February 2020 (the “**CB Extension**”);
- (2) the Maturity Date of the Promissory Notes shall be extended for 2 years from 4 February 2018 to 4 February 2020 (the “**PN Extension**”) (together with the CB Extension, the “**Extension**”);
- (3) the interest rate of the Promissory Notes shall be adjusted downward from 10% to 8% per annum for the extension period from 5 February 2018 to 4 February 2020 and all accrued and outstanding interest under the Promissory Notes shall be repaid on the extended maturity date of 4 February 2020 (the “**PN Interest Rate Reduction**”); and
- (4) compensation for the 2nd Profit Guarantee Period will be amended (the “**2nd PG Amendment**”) to the effect that if the aggregate sum of the 2nd Period Actual Profit and the 1st Period Actual Profit (collectively the “**Total Actual Profit**”) is less than the aggregate sum of the 1st Guaranteed Profit and the 2nd Guaranteed Profit (i.e. HK\$400,000,000) (the “**Total Guaranteed Profit**”), the Vendor shall compensate (the “**2nd Period Compensation**”) the Purchaser by 3 times of the amount of shortfall, as calculated according to the following formula:

$$\text{2nd Period Compensation} = (\text{Total Guaranteed Profit} - \text{Total Actual Profit}) \times 3$$

If the Total Actual Profit is equal to or more than the Total Guaranteed Profit, the Vendor and the Purchaser shall procure the Escrow Agent to release to the Vendor the Promissory Notes in the principal amount of HK\$235,750,000 and the Convertible Bonds in the principal amount of HK\$224,250,000 within 10 Business Days after the issue of the 2nd Auditors' Certificate (or such other day as the Vendor and the Purchaser may agree).

Conditions precedent

Completion of the CB Extension and the 2nd PG Amendment shall be conditional upon the satisfaction of the following conditions:

- (1) all necessary consents and approvals in relation to the 3rd Supplemental S&P Agreement having been obtained by the Vendor and the Guarantor;
- (2) all necessary consents and approvals in relation to the 3rd Supplemental S&P Agreement having been obtained by the Purchaser;
- (3) the Stock Exchange having approved the CB Amendment in accordance with the Listing Rules and the Listing Committee having granted approval for the listing of, and permission to deal in, the Conversion Shares which may fall to be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds (as amended); and
- (4) the Shareholders having approved the 3rd Supplemental S&P Agreement and the transactions contemplated thereunder (including but not limited to the approval of the Amendment Deed and the transactions contemplated thereunder, the allotment and issue of the Conversion Shares upon exercise of the conversion rights attached to the Convertible Bonds (as amended) and the extension of the maturity date of the Promissory Notes) by way of passing of a necessary resolution of an extraordinary general meeting of the Company or Shareholder's written approval in accordance with the Listing Rules.

Completion of the PN Extension and the PN Interest Rate Reduction shall be conditional upon the satisfaction of conditions (1), (2) and (4) above.

The Purchaser shall use its best endeavours to procure the fulfilment of the conditions (2), (3) and (4) above. The Vendor and the Guarantor shall use their best endeavours to procure the fulfilment of the condition (1) above. None of the conditions precedent can be waived. If any of the conditions set out above have not been fulfilled on or before 28 February 2018 or such other date as the Vendor, the Guarantor and the Purchaser may agree in writing (the “**Long Stop Date**”), the 3rd Supplemental S&P Agreement shall cease and determine (except for the PN Extension and the PN Interest Rate Reduction if they have been completed and the provisions regarding the undertaking of the Vendor set out in the paragraph headed “Undertaking” below and other miscellaneous provisions regarding execution in counterparts, exclusion of third parties’ rights under the Contracts (Rights of Third Parties) Ordinance and governing law) and no parties shall have any obligations and liabilities thereunder save for any antecedent breaches of the terms thereof.

As at the date of this announcement, conditions (1), (2) and (4) have been satisfied.

Save for the aforementioned, all other terms and conditions of the Sale and Purchase Agreement (as amended and supplemented by the Supplemental S&P Agreements) remain unchanged.

Undertaking

Pursuant to the 3rd Supplemental S&P Agreement, the Vendor irrevocably undertakes to the Purchaser and the Company that it will not request the Company to perform its payment obligations under the Promissory Notes and the terms and conditions of the Convertible Bonds on or before the Long Stop Date. The non-performance of the payment obligations of the Company from the original maturity date of the Promissory Notes and the Convertible Bonds to the Long Stop Date will not be regarded as a breach of the Promissory Notes and the terms and conditions of the Convertible Bonds.

Completion

Completion of the CB Extension and the 2nd PG Amendment will take place within three Business Days after the satisfaction of the conditions precedent under the 3rd Supplemental S&P Agreement (or such later date as agreed by the Vendor and the Purchaser in writing). At completion, a deed of amendment (the “**Amendment Deed**”) will be executed by the Company to amend the terms and conditions of the Convertible Bonds to extend the Maturity Date from 4 February 2018 to 4 February 2020 (the “**CB Amendment**”).

Completion of the PN Extension and the PN Interest Rate Reduction have been taken place on the date of this announcement.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS AS AMENDED BY THE AMENDMENT DEED

Save and except the amendment to the Maturity Date pursuant to the Amendment Deed, all the terms and conditions of the Convertible Bond remain unchanged, valid and in full force.

The principal terms of the Convertible Bonds as amended pursuant to the Amendment Deed are summarised as follows:

Issuer	:	the Company
Maturity Date	:	the 4th anniversary of the issue date of the Convertible Bonds (i.e. 4 February 2020)
Interest	:	the Convertible Bonds shall not bear any interest
Conversion period	:	the period commencing on the date of issue of the Convertible Bonds and ending on the Maturity Date
Conversion Price	:	HK\$2.00 per Conversion Share (subject to adjustments)
Aggregate principal amount	:	HK\$390,000,000
Transferability	:	the Convertible Bonds cannot be transferred without the prior written consent of the Company, save where transfer is made to a wholly-owned subsidiary of the holder of the Convertible Bonds (the “ Bondholder ”), or the holding company of such Bondholder owning the entire issued share capital of such Bondholder, provided that the Convertible Bonds will be re-transferred to such Bondholder immediately upon the transferee ceasing to be a wholly-owned subsidiary of such Bondholder or a holding company of the Bondholder who owns the entire issued share capital of such Bondholder, in which case no prior written consent from the Company shall be required

- Conversion : holder(s) of the Convertible Bonds shall have the right at any time from date of issue of the Convertible Bonds up to 4:00 p.m. on the Maturity Date to convert in whole or in part the outstanding principal amount of the Convertible Bonds in whole multiples of HK\$1,000,000 into Conversion Shares, save that if at any time the outstanding principal amount of the Convertible Bonds is less than HK\$1,000,000, the whole (but not part only) of the outstanding principal amount of the Convertible Bonds may be converted, provided that any conversion of the Convertible Bonds (i) does not trigger any mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the Bondholder which exercised the conversion rights, representing more than 30% or more (or such other percentage as stated in Rule 26 of the Takeovers Code in effect from time to time) of the then issued share capital of the Company or otherwise pursuant to other provisions of the Takeovers Code; and (ii) does not result in the public float of the Shares being less than 25% (or any given percentage as required by the Listing Rules) of the issued Shares
- Adjustments to Conversion Price : the Conversion Price is subject to adjustments upon the occurrence of subdivision or consolidation of Shares, capitalisation issues, capital distribution, rights issues, issue of securities wholly for cash, alteration of conversion or exchange price of convertible or exchangeable securities, such adjustments shall be determined by approved merchant bank or the auditors of the Company in such manner as they consider appropriate in accordance with the terms and conditions of the Convertible Bonds
- Early redemption : the Company may at any time before the maturity date by serving at least ten (10) days' prior written notice on the Bondholder with the total amount proposed to be redeemed from the Bondholder specified therein, redeem the Convertible Bonds (in whole or in part) at 100% of the principal amount of such Convertible Bonds
- Voting rights : holder(s) of the Convertible Bonds shall not be entitled to attend or vote at any general meeting of the Company

Listing : the Convertible Bonds will not be listed on the Stock Exchange or any other stock exchange. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares which may fall to be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds (as amended).

Please refer to the Previous Circular for further details of the Convertible Bonds.

REASONS FOR THE THIRD SUPPLEMENTAL S&P AGREEMENT

The Company acquired the Target Group by executing Sale and Purchase Agreement and Supplemental S&P Agreements (collectively refer to as the “Agreements”).

As disclosed in the annual report of the Company for the year ended 31 December 2016 and the interim report of the Company for the six months ended 30 June 2017, the 1st Guaranteed Profit was achieved by the Target Group. The 1st Period Actual Profit was approximately RMB253 million (equivalent to approximately HK\$297.6 million) which far exceeded the amount of the 1st Guaranteed Profit of HK\$170,000,000.

The Company recently noticed that the Target Group fell behind the progress in achieving the 2nd Guaranteed Profit. The Company approached the Vendor and the Guarantor with a view to ensure that they would deliver the 2nd Guaranteed Profit. However, the Vendor and Guarantor argued that under the Agreements they were only required to deliver a total HK\$400,000,000 guaranteed profit for the two year ending 4 February 2018.

The Company has since then negotiated with the Vendor and Guarantor. The parties finally reached a terms of the 3rd Supplemental S&P Agreement to settle the differences. The Board considers that the terms of the 3rd Supplemental S&P Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole as:

- (i) the Consideration of the Acquisition was negotiated on the basis of a price-earnings ratio of 4 times, and it was anticipated that an annual net profit of HK\$200,000,000 was achievable. The Company demanded two years profit guarantee and that was agreed by the Vendor and the Guarantor;

- (ii) the maturity date of the Promissory Notes and the Convertible Bonds will be 4 February 2018 unless extended, whereby the Company would be required to redeem the outstanding principal amounts of the Promissory Notes and the Convertible Bonds (if not converted by the Vendor) released to the Vendor and interest accrued thereon. The Extension effectively allows the Group to refinance its debts under the Promissory Notes with a lower interest rate of 8% per annum and the Convertible Bonds with the same terms for another two years. In addition, the Extension will provide flexibility to the Group's deployment of its financial resources to fund its operation and development as well as to plan its working capital requirements. In the absence of the Extension, the Company will need to conduct fund raising or borrow loans and deploy its cash reserves for the redemption of the Promissory Notes and the Convertible Bonds (if not converted by the Vendor) released to the Vendor on maturity. It is also uncertain if the Group can raise funds or borrow loans of such substantial amount successfully and the interest rate for the loans is likely to be higher than 8%; and
- (iii) It is in the Company's interest to avoid prolonged and unresolved dispute with the Vendor and the Guarantor. The Company hopes to secure harmonious and diligent support of the Vendor and the Guarantor so as to leverage her experience, expertise and relationship and connections in the industry to ensure great future business success of the Target Group.

IMPLICATIONS UNDER THE LISTING RULES

As the Acquisition constituted a major transaction on the part of the Company under Chapter 14 of the Listing Rules, the 3rd Supplemental S&P Agreement will be subject to Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 28.05 of the Listing Rules, any alterations in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alterations take effect automatically under the existing terms of such convertible debt securities.

The Company will apply to the Stock Exchange for approval of the CB Amendment.

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approving the 3rd Supplemental S&P Agreement and the transactions contemplated thereunder (including but not limited to the approval of the Amendment Deed and the transactions contemplated thereunder, the allotment and issue of the Conversion Shares upon exercise of the conversion rights attached to the Convertible Bonds (as amended) and the extension of the maturity date of the Promissory Notes).

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Shareholders and investors should note that the CB Extension and the 2nd PG Amendment are subject to various conditions as stated in the section headed "Conditions precedent". Potential investors and Shareholders are therefore urged to exercise caution when dealing in the Shares.

For the purpose of this announcement, unless the context otherwise requires, conversion of Renminbi into Hong Kong dollars is based on the approximate exchange rate of RMB0.85 to HK\$1.00. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in Hong Kong dollars or Renminbi have been, could have been or may be converted at such or any other rate or at all.

By order of the Board
Bisu Technology Group International Limited
Wong Hin Shek
Executive Director

Hong Kong, 31 December 2017

As at the date of this announcement, the executive Directors are Mr. Lo Kin Ching Joseph, Mr. Wong Hin Shek and Mr. Xing Bin; and the independent non-executive Directors are Ms. Chu Yin Yin, Georgiana, Mr. Yip Tai Him and Mr. Chan Kai Wing.