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# COMPUTER AND TECHNOLOGIES HOLDINGS LIMITED

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00046)**

## DISCLOSEABLE TRANSACTION
## ACQUISITION OF ALL THE ISSUED SHARES OF PLATINUM CHINA LIMITED

### THE AGREEMENT

On 21 December 2015 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, the Seller and the Company entered into the Agreement, pursuant to which the Purchaser has agreed to purchase, and the Seller has agreed to sell, all the issued shares of the Target Company at a consideration of US$17,600,000 (equivalent to approximately HK$136,400,000), subject to and in accordance with the terms and conditions of the Agreement.

### LISTING RULES IMPLICATION

As at least one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Agreement and the transaction contemplated thereunder exceeds 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to notification and announcement requirements but exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules. As none of the Directors had a material interest in the Acquisition, no Director was required to abstain from voting on the relevant Board resolution.

### THE ACQUISITION

On 21 December 2015, the Purchaser, an indirect wholly-owned subsidiary of the Company, the Seller and the Company entered into the Agreement, pursuant to which the Purchaser has agreed to purchase, and the Seller has agreed to sell, all the issued shares of the Target Company at a consideration of US$17,600,000 (equivalent to approximately HK$136,400,000), subject to and in accordance with the terms and conditions of the Agreement.

The principal terms of the Agreement are set out below:

**Date**

21 December 2015 (after trading hours)

**Parties**

(a) the Purchaser;

(b) the Seller; and

(c) the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Seller and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

**Assets to be acquired**

Subject to and in accordance with the terms and conditions of the Agreement, the Purchaser has agreed to purchase, and the Seller has agreed to sell, the Sale Shares.

**Consideration**

The aggregate amount of the Consideration is US$17,600,000 (equivalent to approximately HK$136,400,000). The Consideration shall be payable by the Purchaser to the Seller in the following manner:

(a) US$12,320,000 (equivalent to approximately HK$95,480,000) shall be paid in cash to the Seller at Completion;

(b) US$5,280,000 (equivalent to approximately HK$40,920,000) shall be paid in cash as subsequent payments to the Seller after Completion in the following tranches (subject to adjustments in accordance with the provisions of the Agreement if applicable):

    (i) US$550,000 (equivalent to approximately HK$4,262,500) shall be paid on or before the 5th Business Day after the final amount payable by the Subsidiary under the SCIA Determination has been agreed by the counterparty in the Arbitration that it will, when fully paid, constitute full and final settlement of all of the Subsidiary's liabilities under the Arbitration;

    (ii) US$1,210,000 (equivalent to approximately HK$9,377,500), subject to the collection of certain accounts receivables, shall be paid on or before the 5th Business Day after the 120th day after the Completion Date;

(iii) US$1,760,000 (equivalent to approximately HK$13,640,000) shall be paid at the first anniversary of the Completion Date; and

(iv) US$1,760,000 (equivalent to approximately HK$13,640,000) shall be paid on the 5th Business Day after the day on which the Seller has produced to the Purchaser a certified true copy of the tax completion certificate for payment of tax obligations under Bulletin 7 or other evidence to the reasonable satisfaction of the Purchaser.

**Basis of determination of the Consideration**

The Consideration was agreed between the Company and the Seller after arm's length negotiations and was determined with reference to the business development and prospects of the Target Group in the medium to long term, the future earning capacity, and the overall operating results and the financial performance of the Target Group. The Directors consider that the Consideration is fair and reasonable taking into account the above factors.

The Consideration will be satisfied in cash and financed by the Group's internal resources.

**Cash Adjustment**

Pursuant to the Agreement, the Purchaser shall pay (in addition to the Consideration) to the Seller within 60 days after the Completion Date an amount in cash which equals to the Cash Adjustment subject to the adjustments in accordance with the provisions of the Agreement.

**Guarantee**

The Company has agreed to guarantee to the Seller the due and punctual performance by the Purchaser of its payment obligations in respect of the Consideration and the Cash Adjustment under the Agreement.

**Completion**

Completion shall take place on 4 January 2016. Upon the Completion, the Target Company will become a wholly-owned subsidiary of the Group. The results and assets and liabilities of the Target Group will be consolidated with, and accounted for as subsidiaries in, the Group's consolidated financial statements.

**Indemnities**

Subject to certain exceptions and the terms of the Agreement, the Seller shall indemnify the Purchaser against any losses incurred by the Purchaser arising out of (i) any taxation which any Target Group Company is liable to pay in respect of the operation of the Target Group's business on or before the Completion Date, (ii) any intra-group indebtedness owing by the Target Group which has not been settled at or before Completion, (iii) the Product Cost and/or any disputes or procedures arising therefrom and/or (iv) any material liability incurred by any Target Group Company prior to Completion, provided that the Purchaser serves a claim notice on the Seller in respect of such liability within 12 months after Completion.

**Tax Obligations and Indemnity under Bulletin 7**

Pursuant to the terms of the Agreement, the Seller shall indemnify the Purchaser against any loss suffered by the Purchaser as a result of the Seller failing to comply with its obligations under Bulletin 7 in respect of the Acquisition.

## FINANCIAL INFORMATION ON THE TARGET GROUP

According to the management accounts of the Target Group provided by the Seller, set out below is the unaudited consolidated results of the Target Group for each of the financial years ended 31 December 2013 and 2014 and for the six-month ended 30 June 2015 prepared under Hong Kong Financial Reporting Standards:

| | **For the year ended 31 December 2013 (unaudited)** *HK$'000* | **For the year ended 31 December 2014 (unaudited)** *HK$'000* | **For the six-month ended 30 June 2015 (unaudited)** *HK$'000* |
|---|---|---|---|
| **Turnover** | 55,583 | 49,976 | 30,668 |
| **Net profit before tax and extraordinary items** | 6,085 | 7,796 | 8,041 |
| **Net profit after tax and extraordinary items** | 5,629 | 6,664 | 6,824 |

As at 30 June 2015, the unaudited total asset value and net asset value of the Target Group were approximately HK$58,434,000 and HK$21,098,000, respectively.

## INFORMATION ON THE COMPANY, THE SELLER AND THE TARGET GROUP

### The Company

The principal activity of the Company is investment holding. The Group is involved in the following principal activities:

- provision of enterprise applications software and related services, business process outsourcing and e-business and related maintenance services;
- provision of system and network integration, information technology solutions development and implementation, and related maintenance services; and
- property and treasury investments.

### The Seller and the Target Group

The Seller is an investment holding company which owns all of the issued shares of the Target Company as at the date of this announcement.

The Target Group is principally engaged in the provision of HRM solutions specifically designed to meet the business and regulatory requirements in the PRC.

## REASONS FOR AND BENEFITS OF THE ACQUISITION

Consistent with the Group's strategy in expanding of its application software business, the Acquisition will create great synergy with the Group's existing HRM software related business. It will not only substantially increase the revenue and profit of the Group's application software business but also further enlarge its customer base with strong recurring income. The prestigious position of the Target Group in the PRC market will also enhance the Group's market presence in the PRC with great expansion opportunities. Coupling with the Group's strong position in the HRM software market in Hong Kong, the Acquisition will enlarge the Group's market share and reinforce the Group's leadership position in the HRM software market in the region. The Acquisition will also provide unique and better position for the Group to serve different enterprises especially multinational corporations across the region.

Having considered the above factors, the Directors consider that: (i) the Agreement has been entered into after arm's length negotiations between the Company and the Seller; (ii) the terms of the Agreement are fair and reasonable and on normal commercial terms; and (iii) the Acquisition is and in the interests of the Company and the Shareholders as a whole.

## IMPLICATIONS UNDER THE LISTING RULES

As at least one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Agreement and the transaction contemplated thereunder exceeds 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to notification and announcement requirements but exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules. As none of the Directors had a material interest in the Acquisition, no Director was required to abstain from voting on the relevant Board resolution.

## DEFINITIONS

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

| | |
|---|---|
| "Acquisition" | the acquisition of the Sale Shares by the Purchaser |
| "Agreement" | the sale and purchase agreement dated 21 December 2015 entered into between the Purchaser, the Seller and the Company in relation to the Acquisition |
| "Arbitration" | the arbitration in respect of the case between the Subsidiary and an independent third party at the Shenzhen Court of International Arbitration of the South China International Economic and Trade Arbitration Commission |
| "Board" | the board of Directors |
| "Bulletin 7" | the tax notice issued by the PRC State Administration of Taxation titled the "State Administration of Taxation's Bulletin on Several Issues of Enterprise Income Tax on Income Arising from Indirect Transfers of Property by Non-resident Enterprises" (State Administration of Taxation Bulletin [2015] No. 7), as may be amended or supplemented from time to time, including any similar or replacement law on the tax treatment of the offshore indirect transfer of a PRC company and including any applicable laws in the PRC against the avoidance of PRC tax |

| | |
|---|---|
| "Business Day" | means a day on which banks are generally open for business in Hong Kong (other than a Saturday, Sunday or a public holiday or a day on which a tropical cyclone warning No. 8 or above or a "black rainstorm warning signal" is hoisted or remains hoisted in Hong Kong at any time between 9:00 am and 5:00 pm) |
| "Cash Adjustment" | US$1,400,000, which has been computed based on the unaudited management accounts of the Target Group for the eleven months ended 30 November 2015 |
| "Company" | Computer And Technologies Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange |
| "Completion" | the completion of the sale and purchase of the Sale Shares in accordance with the terms of the Agreement |
| "Completion Date" | 4 January 2016 |
| "Connected person(s)" | has the same meaning as ascribed to it under the Listing Rules |
| "Consideration" | the consideration for the Sale Shares, being US$17,600,000 (equivalent to approximately HK$136,400,000) |
| "Directors" | the directors of the Company |
| "Group" | the Company and its subsidiaries |
| "HK$" | Hong Kong dollars, the lawful currency of Hong Kong |
| "Hong Kong" | the Hong Kong Special Administrative Region of the People's Republic of China |
| "HRM" | human resources management |
| "Listing Rules" | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| "PRC" | the People's Republic of China which, for the purpose of this announcement only, does not include Hong Kong, the Macau Special Administrative Region and Taiwan |

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|---|---|
| "Product Cost" | an amount of RMB5,147,000 (equivalent to approximately US$800,000) recorded in the unaudited management accounts of the Subsidiary as at 30 November 2015 relating to an accrued liability which is considered by the Seller to be no longer payable |
| "Purchaser" | Computer And Technologies Applications (BVI) Limited, a company incorporated in the British Virgin Islands with limited liability and which is an indirect wholly-owned subsidiary of the Company |
| "RMB" | Renminbi, the lawful currency of the PRC |
| "Sale Shares" | 1,000 ordinary shares of the Target Company, representing all the issued shares of the Target Company at Completion |
| "SCIA Determination" | the legally binding arbitral award by the Shenzhen Court of International Arbitration of the South China International Economic and Trade Arbitration Commission in the respect of the Arbitration |
| "Seller" | Platinum China Holding Inc., a company incorporated in the British Virgin Islands with limited liability |
| "Share(s)" | ordinary share(s) of HK$0.10 each in the share capital of the Company |
| "Shareholder(s)" | shareholder(s) of the Company |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "Subsidiary" | 白金軟件系统(上海)有限公司 (Platinum Software Systems (Shanghai) Company Limited*), a company established under the laws of the PRC and which is directly wholly-owned by the Target Company |

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|---|---|
| "Target Company" | Platinum China Limited, a company incorporated in Hong Kong with limited liability and which is wholly-owned by the Seller prior to the Completion |
| "Target Group" | the Target Company and the Subsidiary, and "Target Group Company" means any one of them |
| "US$" | United States dollars, the lawful currency of the United States of America |
| "%" | per cent. |

*For the purpose of this announcement, the exchange rate of US$1.00 to HK$7.75 and US$1.00 to RMB6.43 have been used for currency translation, where applicable. Such exchange rates are for illustration purposes only and do not constitute representations that any amount in US$, HK$, RMB has been, could have been, or may be converted at such rates.*

* *The Chinese names of the entities incorporated in the PRC are the official names and the English names are the translation for identification purposes only.*

By Order of the Board
**Computer And Technologies Holdings Limited**
**Ng Cheung Shing**
*Chairman*

Hong Kong, 21 December 2015

*As at the date of this announcement, the Board comprises Mr. Ng Cheung Shing, Mr. Cheung Wai Lam and Mr. Leung King San, Sunny as executive Directors, and Mr. Ha Shu Tong, Professor Lee Kwok On, Matthew and Mr. Ting Leung Huel, Stephen as independent non-executive Directors.*