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IN TECHNICAL PRODUCTIONS HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8446)

DISCLOSEABLE TRANSACTION IN RELATION TO CAPITAL INJECTION AND ACQUISITION OF APPROXIMATELY 22.9% OF THE ENLARGED ISSUED SHARE CAPITAL OF THE TARGET COMPANY

THE CAPITAL INJECTION AGREEMENT

On 28 July 2022 (after trading hours), the Investor entered into the Capital Injection Agreement with the Vendors and the Target Company, pursuant to which the Investor has conditionally agreed to make the Capital Injection of RMB34 million into the Target Company. Upon Completion, the Investor shall hold approximately 22.9% of the enlarged issued share capital of the Target Company and have control over the board of directors of the Target Company. As such, the Target Company shall be accounted as a subsidiary of the Company and the financial results of the Target Company shall be consolidated into the consolidated financial statements of the Group.

GEM LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in the GEM Listing Rules) in respect of the transactions contemplated under the Capital Injection Agreement is more than 5% but less than 25%, the transactions contemplated under the Capital Injection Agreement constitute a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

Shareholders and potential investors of the Company should note that Completion is subject to the fulfillment or waiver (as the case may be) of a number of conditions precedent. Accordingly, the Capital Injection may or may not materialise. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

INTRODUCTION

Reference is made to the announcement of the Company dated 25 January 2022 in relation to the entering into of a non-legally binding memorandum of understanding between In Technical Productions Limited, a wholly-owned subsidiary of the Company, and the Target Company in relation to the proposed acquisition of equity interest in the Target Company by way of capital injection or transfer of equity interest.

On 28 July 2022 (after trading hours), the Investor entered into the Capital Injection Agreement with the Vendors and the Target Company, pursuant to which the Investor has conditionally agreed to make the Capital Injection of RMB34 million into the Target Company.

THE CAPITAL INJECTION AGREEMENT

The principal terms of the Capital Injection Agreement are as follows:

Date : 28 July 2022 (after trading hours)

Parties : (i) the Investor;
(ii) the Vendors; and
(iii) the Target Company.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Target Company, the Vendors and their beneficial owners are Independent Third Parties.

Capital Injection

As at the date of this announcement, the registered capital of the Target Company was RMB114,595,718. Pursuant to the Capital Injection Agreement, the Investor has conditionally agreed to make the Capital Injection of RMB34 million into the Target Company. After the Capital Injection, the registered capital of the Target Company will increase by RMB34 million to RMB148,595,718.

Consideration

The amount for the Capital Injection of RMB34 million was determined on normal commercial terms after arm's length negotiation among the Investor, the Vendors and the Target Company with reference to the registered capital of the Target Company, which the Directors consider fair and reasonable. The amount of the Capital Injection shall be paid by the Investor in cash as and when demanded by the resolutions of the board of directors or shareholders of the Target Company or other capital contribution requirement of the Target Company. The Investors and the Vendors shall make the

capital contribution on a pro rata basis based on their respective shareholdings in the Target Company. Upon completion of the Capital Injection, the Investor shall be interested in approximately 22.9% of the enlarged issued share capital of the Target Company, being the amount of capital to be contributed by the Investor divided by the enlarged registered capital of the Target Company.

The amount of capital to be injected by the Investor will be satisfied by a loan from the controlling Shareholder which is unsecured, interest-free and repayable on demand.

Conditions Precedent

Completion is conditional upon fulfilment or waiver (as the case may be) of the following conditions:

- (i) the agreement (including all transaction documents and appendices) respect of the Capital Injection having been signed by all parties in accordance with the required legal procedures and having come into effect;
- (ii) completion of business, legal and financial due diligence of the Target Company, the results of which are satisfactory to the Investor;
- (iii) proper legal and business structures having been established for the purpose of the Capital Injection to the satisfaction of the Investor;
- (iv) the audited financial reports of the Target Company for the two years ended 31 December 2020 and 2021 having been issued by the auditors approved by the Investor;
- (v) the articles of association of the Target Company having been amended in accordance with the provisions of the Capital Injection Agreement and duly signed by all shareholders of the Target Company. Such amendments shall be approved in writing by the Investor. Save as the aforesaid, no further amendment or restatement shall be made to the articles of association of the Target Company up to the date of Completion;
- (vi) the transactions contemplated under the Capital Increase Agreement having been approved and agreed by the relevant government authorities, the Target Company and other third parties (if required), including but not limited to the board of directors and shareholders of the Target Company approving the Capital Injection and the amendment to the articles of association of the Target Company;
- (vii) the Target Company and the Vendors having fully, accurately and completely disclosed the assets, liabilities and all relevant information in relation to the Capital Injection Agreement in writing;

- (viii) there having been no material adverse change in the financial position and businesses of the Target Company, and no distribution having been made during the period from the date of the Capital Injection Agreement up to the date of Completion;
- (ix) there having been no encumbrances created or allowed to be created over any assets or properties of the Target Company, and the Target Company having not directly or indirectly disposed of its major assets in any way, nor incurred or assumed any material liabilities during the period from the date of the Capital Injection Agreement up to the date of Completion;
- (x) there having been no hiring or layoff of any key employee, nor increase of, or promise to increase, the wages, salaries, compensation, bonuses, incentive compensation, pensions or other benefits payable to employees of the Target Company by more than 10% during the period from the date of the Capital Injection Agreement up to the date of Completion;
- (xi) the Vendors shall not transfer part or all of the shares of the Target Company held by them or create any encumbrance or pledge over their shares during the period from the date of the Capital Injection Agreement up to the date of Completion; and
- (xii) the Target Company having not conducted any illegal activities.

The Investor may waive any of the above conditions precedent in clauses (ii), (iv), (vii), (viii), (ix) and (x) by giving notice in writing to the Vendors.

As at the date of this announcement, none of the conditions above are satisfied or waived (if applicable). If the conditions above have not been fulfilled or waived (as the case may be) on or before 30 September 2022, the Capital Injection Agreement shall cease and terminate and neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the Capital Injection Agreement.

Completion

Completion shall take place upon fulfillment or waiver (where applicable) of all the conditions precedent under the Capital Injection Agreement.

The Target Company and the Vendors shall register the Investor on the register of members of the Target Company and proceed with the necessary registration procedures for business changes in respect of the Capital Injection upon Completion.

Composition of the board of directors of the Target Company

Pursuant to the Capital Injection Agreement, upon Completion, the board of directors of the Target Company shall comprise five directors, three of which shall be designated by the Investor and two of which shall be designated by the Vendors. The composition of the board of directors of the Target Company can only be amended with the unanimous consent of all shareholders of the Target Company.

Upon Completion, the Investor shall hold approximately 22.9% of the enlarged issued share capital of the Target Company and have control over the board of directors of the Target Company. As such, the Target Company shall be accounted as a subsidiary of the Company and the financial results of the Target Company shall be consolidated into the consolidated financial statements of the Group.

INFORMATION ON THE PARTIES

The Group

The Group is principally engaged in the provision of visual display solution services for concerts and events primarily in Hong Kong, Macau, the PRC and Taiwan.

The Investor is an investment holding company incorporated in the PRC with limited liability on 11 July 2022, and an indirect wholly-owned subsidiary of the Company.

The Vendors

The Vendors are 呂文明 (Lu Wenming), 柴森森 (Chai Sensen) and 深圳駿鑫投資合夥企業(有限合夥)(Shenzhen Junxin Investment Partnership (Limited Partnership)).

呂文明 (Lu Wenming) is a natural person and a PRC resident, who is an Independent Third Party.

柴森森 (Chai Sensen) is a natural person and a PRC resident, who is an Independent Third Party.

深圳駿鑫投資合夥企業(有限合夥) (Shenzhen Junxin Investment Partnership (Limited Partnership)) is a limited partnership established in the PRC on 11 April 2022, and is an Independent Third Party. Its principal activities include investment, business management and provision of information technology consulting services. As at the date of this announcement, the general partner of 深圳駿鑫投資合夥企業(有限合夥) (Shenzhen Junxin Investment Partnership (Limited Partnership)) is 前海駿捷資產管理(深圳)有限公司 (Qianhai Junjie Asset Management (Shenzhen) Co., Ltd.), a company controlled by 李健昌 (Li Jianchang), a natural person and a PRC resident, who is an Independent Third Party.

The Target Company

The Target Company is a limited liability company established in the PRC on 11 June 2020 and based in Shenzhen, Guangdong province. It is principally engaged in the provision of one-stop technical consulting services and solutions for e-commerce business platforms, and is developing the technology for metaverse business. As at the date of this announcement, the Target Company was owned as to approximately 89.5%, 2.8% and 7.7% by 呂文明 (Lu Wenming), 柴森森 (Chai Sensen) and 深圳駿鑫投資合夥企業(有限合夥) (Shenzhen Junxin Investment Partnership (Limited Partnership)), respectively.

Upon Completion, the Target Company shall be owned as to approximately 22.9%, 69.0%, 2.1% and 6.0% by the Investor, 呂文明 (Lu Wenming), 柴森森 (Chai Sensen) and 深圳駿鑫投資合夥企業(有限合夥) (Shenzhen Junxin Investment Partnership (Limited Partnership)), respectively.

Set out below is the audited financial information of the Target Company for the period from 11 June 2020 (the date of incorporation) to 31 December 2020 and the year ended 31 December 2021 prepared in accordance with generally accepted accounting principles in the PRC:

	Year ended 31 December 2021 <i>(audited)</i> <i>RMB</i>	For the period from 11 June 2020 to 31 December 2020 <i>(audited)</i> <i>RMB</i>
Revenue	1,785,911	—
Profit/(loss) before taxation	870,334	(505)
Profit/(loss) after taxation	870,334	(505)

As at 31 December 2021, the audited net asset value of the Target Company was approximately RMB869,829.

REASONS FOR AND BENEFITS OF THE CAPITAL INJECTION

The Group is principally engaged in the provision of visual display solution services for concerts and events primarily in Hong Kong, Macau, the PRC and Taiwan. During the year ended 31 May 2021 and the nine months ended 28 February 2022, the Group mainly derived its revenue from the provision of visual display solutions for pop concerts and other live events in Hong Kong. However, due to the COVID-19 pandemic which severely impacted the shows and events business, the Group's revenue

could not cover its high cost of services and recorded gross loss during both periods. In this regard, the Group has been proactively seeking potential business opportunities to broaden its income source.

The e-commerce market in the PRC has continued to grow over the past few years. According to the E-commerce in China Report 2020 (中國電子商務報告2020) issued by the Ministry of Commerce of the PRC, the national online retail sales increased from approximately RMB5.2 trillion in 2016 to approximately RMB11.8 trillion in 2020, representing a compound annual growth rate of approximately 22.7%. Since the outbreak of COVID-19 in 2020 and the accompanying lock-down measures, businesses have accelerated their digitalisation and offline to online transformation as customers increasingly shifted their purchase from offline to online shopping, and thereby spurred further growth in retail e-commerce market. According to eMarketer (<https://www.emarketer.com/content/china-ecommerce-forecast-2021>), the PRC's retail e-commerce market is expected to continue its growth and reach approximately US\$3.8 trillion (equivalent to approximately RMB24.6 trillion) in 2025. eMarketer, established in 1996, is a subscription-based market research company that provides insights and trends related to digital marketing, media and commerce.

In light of the rapid development of the e-commerce market in the PRC, the Directors believe that the demand for technical consulting services and solutions for e-commerce business platforms would also increase substantially. As such, the Directors believe that the Capital Injection will enable the Group to grasp the growth momentum in the PRC's retail e-commerce market, expand the business scope and broaden the income source of the Group, which are beneficial to the long-term development of the Group.

Having considered the above factors, the Board considers that the terms of the Capital Injection Agreement are on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATION

As the highest applicable percentage ratio (as defined in the GEM Listing Rules) in respect of the Capital Injection is more than 5% but less than 25%, the Capital Injection constitutes a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

Shareholders and potential investors of the Company should note that Completion is subject to the fulfillment or waiver (as the case may be) of a number of conditions precedent. Accordingly, the Capital Injection may or may not materialise. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Board”	the board of Directors
“Capital Injection”	the injection of capital in the amount of RMB34 million into the Target Company by the Investor in accordance with the Capital Injection Agreement
“Capital Injection Agreement”	the capital injection agreement dated 28 July 2022 entered into among the Investor, the Vendors and the Target Company
“Company”	In Technical Productions Holdings Limited, (stock code: 8446), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM of the Stock Exchange
“Completion”	completion of the Capital Injection in accordance with the terms and conditions of the Capital Injection Agreement
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM, as amended, supplemented or otherwise modified from time to time
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Third Party(ies)”	third party(ies) independent of and not connected (as defined under the GEM Listing Rules) with the Company and its connected person(s)
“Investor”	廣州異次元科技有限公司 (Guangzhou Yidiyuan Technology Company Limited*), a company incorporated in the PRC with limited liability on 11 July 2022, and an indirect wholly-owned subsidiary of the Company
“Macau”	the Macau Special Administrative Region of the PRC
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	the holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	深圳市鑫杭信息科技有限公司 (Shenzhen Xinhang Information Technology Company Limited*), a company established in the PRC with limited liability on 11 June 2020
“Vendors”	呂文明 (Lu Wenming), 柴森森 (Chai Sensen) and 深圳駿鑫投資合夥企業(有限合夥) (Shenzhen Junxin Investment Partnership (Limited Partnership))
“%”	per cent.

* For identification purposes only

By order of the Board
In Technical Productions Holdings Limited
Ma Lie
Chairman and Executive Director

Hong Kong, 28 July 2022

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Ma Lie, Mr. Yeung Ho Ting Dennis and Mr. Tam Chun Yu; and four independent non-executive Directors, namely, Mr. Chen Yue, Mr. Cui Hai Bin, Mr. Ji Gui Bao and Ms. Jiang Yu E.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the GEM website at www.hkgem.com for at least 7 days from the day of its posting. This announcement will also be published on the Company’s website at www.intechproductions.com.