

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement and make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



BC TECHNOLOGY GROUP LIMITED

BC 科技集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 863)

MAJOR TRANSACTION DISPOSAL OF 90% EQUITY INTEREST IN SHANGHAI JINGWEI ENTERPRISE DEVELOPMENT CO., LTD AND CONTINUATION OF TRADING HALT

THE EQUITY TRANSFER AGREEMENT

On 12 November 2023, the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with the Purchaser, an Independent Third-Party, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, 90% equity interest in the Target Company at the Consideration of RMB23,000,000 (equivalent to approximately HK\$24.6 million) subject to the terms of the Equity Transfer Agreement. Upon completion of the Disposal, the Target Company will cease to be a subsidiary of the Company.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Disposal under the Equity Transfer Agreement exceeds 25%, but less than 75%, the Disposal constitutes a major transaction of the Company pursuant to Rule 14.06(3) of the Listing Rules and is therefore subject to reporting, announcement, circular and Shareholders' approval requirement under Chapter 14 of the Listing Rules.

GENERAL

The Company will convene an EGM to approve the Equity Transfer Agreement and the transactions contemplated thereunder.

A circular containing, among other things, information relating to the Equity Transfer Agreement, further information on the Disposal and a notice of EGM and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 29 December 2023 as additional time is required to prepare the information for inclusion in the circular.

Completion is conditional upon the satisfaction of the conditions set out in the section headed “The Equity Transfer Agreement — Condition Precedent” in this announcement. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares of the Company.

CONTINUATION OF TRADING HALT

As stated in the Trading Halt Announcement (i.e. the announcement of the Company dated 13 November 2023 in relation to trading halt), trading in the shares of the Company on the Stock Exchange has been halted with effect from 9:00 a.m. on 13 November 2023 pending the release of this announcement. Application has been made for trading in the shares of the Company on the Stock Exchange to continue to be halted pending the publication of an announcement by the Company in respect of an issue of new shares of the Company which constitutes inside information of the Company.

INTRODUCTION

On 12 November 2023, the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with the Purchaser, an Independent Third-Party, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, 90% equity interest in the Target Company at the Consideration of RMB23,000,000 (equivalent to approximately HK\$24.6 million) subject to the terms of the Equity Transfer Agreement. Upon completion of the Disposal, the Target Company will cease to be a subsidiary of the Company.

THE EQUITY TRANSFER AGREEMENT

Principal terms of the Equity Transfer Agreement are summarized below:

Date: 12 November 2023

Parties: (1) the Vendor (as vendor); and
(2) the Purchaser (as purchaser)

As at the date of this announcement, to the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are Independent Third-Parties.

Assets to be disposed of

Pursuant to the Equity Transfer Agreement, the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, 90% equity interest in the Target Company.

As at the date of this announcement, the Target Company is 90%-owned by the Vendor.

Upon completion of the Disposal, the Target Company will cease to be a subsidiary of the Company.

The Consideration and payment terms

The Consideration for the Disposal, pursuant to the Equity Transfer Agreement, is RMB23,000,000 (equivalent to approximately HK\$24.6 million), which is to be settled in cash within 15 Business Days from the date of fulfillment of the Condition Precedent.

Basis of the Consideration

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser after taking into account various factors, including (i) unaudited net tangible asset of the Target Company of approximately RMB25.7 million as at 30 September 2023; and (ii) prospect of the business of the Target Company and current market conditions.

Condition Precedent

Completion of the Disposal is conditional upon the passing of the requisite resolutions by the Shareholders at the EGM for the approval of the Equity Transfer Agreement and the transactions contemplated thereunder.

Pursuant to the Equity Transfer Agreement, the EGM shall be held before 28 February 2024 (or such later date as agreed between the parties). If the Condition Precedent is not satisfied on or before 28 February 2024, the Equity Transfer Agreement will automatically lapse on 1 March 2024 (or such later date as agreed between the parties) without obligations.

Completion

The Vendor shall, within 15 Business Days after receipt of full payment of the Consideration by the Purchaser, coordinate with the Purchaser to handle all necessary procedures in the local administrative department for industry and commerce for the changes in business registration of the Target Company with respect to the equity transfer contemplated under the Equity Transfer Agreement (including but not limited to submission of legal documents including the shareholders' resolutions, the amended Articles of Association and the application for changes of registration).

INFORMATION ON THE TARGET COMPANY

The Target Company is a company with limited liability established in the PRC on 24 December 2014, and is principally engaged in business park management, etc. It currently manages and operates a business park premises in Shanghai, PRC.

Set out below is the audited financial information of the Target Company prepared in accordance with accounting principles generally accepted in the PRC for the two financial years ended 31 December 2022 and 2021:

	For the year ended 31 December 2022	For the year ended 31 December 2021
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(approximately)</i>	<i>(approximately)</i>
Net profit before taxation	13,039	11,110
Net profit after taxation	9,693	8,271

The unaudited net assets of the Target Company as at 30 September 2023 amounted to approximately RMB35.8 million.

The unaudited net assets of the Target Company, excluding the intangible asset, amounted to approximately RMB25.7 million, as at 30 September 2023.

INFORMATION OF THE VENDOR AND THE PURCHASER

The Vendor is a company incorporated in the PRC with limited liability. It is an indirect wholly-owned subsidiary of the Company and an investment holding company.

The Purchaser is a company incorporated in the PRC which is an investment holding company with interests in catering, new media and enterprise management, etc. The Purchaser is wholly-owned by Mr. Li Jiaming (李佳明). To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Purchaser and its ultimate beneficial owner are Independent Third-Parties.

FINANCIAL IMPACT OF THE DISPOSAL AND USE OF PROCEEDS

Upon Completion, the Group will cease to hold any equity interest in the Target Company and the Target Company will cease to be a subsidiary of the Company. The financial results of the Target Company will no longer be consolidated in the financial statements of the Group. Upon Completion, the Group estimates to record a loss before taxation of approximately RMB18.5 million (equivalent to approximately HK\$19.8 million (based on the Consideration and the unaudited net assets attributable to the entire equity interest in the Target Company and including the goodwill recognised at Group level as at 30 September 2023)).

The above financial impact is shown for illustrative purpose only and the final figure to be recorded by the Group is subject to the audit results which will be assessed after Completion.

The Directors currently intend to apply the net proceeds of approximately RMB23 million (equivalent to HK\$24.6 million) from the Disposal (after deducting relevant costs and expenses in connection with the Disposal) as general working capital of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the digital assets and blockchain platform business in Hong Kong and Singapore, and the provision for business park management services in Mainland China.

The Group's digital assets and blockchain platform business has been the main income contributor for the Group since 2019. As set out in the Company's 2023 interim report, the Group continued to demonstrate its commitment to driving innovation and advancing the digital asset space by forging strategic partnerships and entering into agreements, aiming not only to propel the Group's growth but also to foster progress and development across the entire industry.

In 2022, the Group gradually scaled down the operations of its other business to devote more resources to its digital assets and blockchain platform business as a strategic growth priority and core business. The Target Company currently manages and operates a business park premises in Shanghai, PRC. The Target Company leases such property from the landlord and sub-lets to a single tenant which operates shared workspace under the brand WeWork. The Target Company's existing lease agreement with the lessor of the business park premises and that with its tenant will both expire in December 2025. There are uncertainties in whether the existing tenant will continue to fulfil the obligation of the lease. There are also uncertainties as to whether both of the landlord and the tenant are willing to enter into a new lease upon the expiry date. The Group no longer considers it justified to devote the necessary resources to the Target Company, and that despite past profitability, the prospect of future income no longer compensates for the risks involved in negotiating a new lease and securing a continuing tenancy on acceptable terms. The Disposal represents an opportunity for the Group to realize cash proceeds and to redirect and focus its resources and capital towards its digital assets business, enabling it to further develop and innovate in line with the Group's business plan.

In view of the foregoing, the Directors consider that the Equity Transfer Agreement is entered into on normal commercial terms, and the terms of the Equity Transfer Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULE IMPLICATIONS

As the highest applicable percentage ratio in respect of the Disposal under the Equity Transfer Agreement exceeds 25%, but less than 75%, the Disposal constitutes a major transaction of the Company pursuant to Rule 14.06(3) of the Listing Rules and is therefore subject to reporting, announcement, circular and Shareholders' approval requirement under Chapter 14 of the Listing Rules.

GENERAL

The Company will convene an EGM to approve the Equity Transfer Agreement and the transactions contemplated thereunder.

A circular containing, among other things, information relating to the Equity Transfer Agreement, further information on the Disposal and a notice of EGM and other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 29 December 2023 as additional time is required to prepare the information for inclusion in the circular.

Completion is conditional upon the satisfaction of the conditions set out in the section headed “The Equity Transfer Agreement — Condition Precedent” in this announcement. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares of the Company.

CONTINUATION OF TRADING HALT

Reference is made to the announcement of the Company dated 13 November 2023 in relation to trading halt (the “**Trading Halt Announcement**”). As stated in the Trading Halt Announcement, trading in the shares of the Company on the Stock Exchange has been halted with effect from 9:00 a.m. on Monday, 13 November 2023 pending the issuance of this announcement. Application has been made for trading in the shares of the Company on the Stock Exchange to continue to be halted pending the publication of an announcement by the Company in respect of an issue of new shares of the Company which constitutes inside information of the Company.

DEFINITIONS

Unless the context requires otherwise, the use of capitalised terms in this announcement shall have the following meanings.

“ Board ”	the board of Directors
“ Business Day(s) ”	a day (other than a Saturday, a Sunday and a public holiday) on which banks are generally open for business in the PRC
“ Completion ”	completion of the Equity Transfer Agreement
“ Company ”	BC Technology Group 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: 863)
“ Condition Precedent ”	the condition precedent to the completion of the Equity Transfer Agreement
“ Consideration ”	the total consideration for the Disposal in the sum of RMB23,000,000 (equivalent to approximately HK\$24.6 million)
“ Director(s) ”	the director(s) of the Company
“ Disposal ”	the disposal of 90% equity interest in the Target Company

“EGM”	an extraordinary general meeting of the Company to be convened and held to approve the Equity Transfer Agreement and the transactions contemplated thereunder
“Equity Transfer Agreement”	the equity transfer agreement entered into between the Vendor and the Purchaser on 12 November 2023 in relation to the Disposal
“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 PRC
“Independent Third-Party(ies)”	a third party independent of, and not connected with, the Company and its connected person which has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Shanghai JOSY Enterprise Management Centre* (上海玖熹企業管理中心), a company incorporated in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holder(s) of ordinary share(s) in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Shanghai Jingwei Enterprise Development Co., Ltd (上海憬威企業發展有限公司), a company established in the PRC with limited liability
“Vendor”	Shanghai Jingzhi Investment Management Consultancy Company Limited* (上海鯨致投資管理諮詢有限公司), a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company

“%”

per cent

By order of the Board
BC Technology Group Limited
Lo Ken Bon
Executive Director

Hong Kong, 13 November 2023

As at the date of this announcement, the executive Directors are Mr. Lo Ken Bon, Mr. Ko Chun Shun, Johnson, Mr. Madden Hugh Douglas, Mr. Chapman David James and Mr. Tiu Ka Chun, Gary, and the independent non-executive Directors are Mr. Chau Shing Yim, David, Mr. Chia Kee Loong, Lawrence and Mr. Tai Benedict.

For illustrative purpose of this announcement and unless otherwise specified, conversion of RMB into HK\$ is based on the exchange rate of RMB1.00 = HK\$1.07.

** for identification purpose only*