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CircuTech International Holdings Limited

訊智海國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8051)

**DISCLOSEABLE TRANSACTION IN RELATION TO
THE ACQUISITION OF APPROXIMATELY 21.0%
OF THE ENTIRE ISSUED SHARE CAPITAL
OF THE TARGET COMPANY**

Financial adviser to CircuTech International Holdings Limited

BALLAS
C A P I T A L

THE SALE AND PURCHASE AGREEMENT

The Board is pleased to announce that on 4 June 2018 (after trading hours), CircuTech Netherlands (an indirect wholly-owned subsidiary of the Company) and the Vendors entered into the Sale and Purchase Agreement, pursuant to which CircuTech Netherlands conditionally agreed to acquire from the Vendors the Sale Shares, representing approximately 21.0% of the entire issued share capital of the Target Company, at the Consideration of EUR1,600,000 (equivalent to approximately HK\$15.5 million). The Consideration is to be satisfied by CircuTech Netherlands in cash at Completion.

Upon Completion, the Company will indirectly hold approximately 21.0% of the entire issued share capital of the Target Company. The investment of the Company in the Target Company will be classified as investment in an associate.

THE SHAREHOLDERS' AGREEMENT

Subject to and upon Completion, CircuTech Netherlands, the Target Company and the Target Company Existing Shareholders will enter into the Shareholders' Agreement to govern the relationships among shareholders of the Target Company.

Pursuant to the Shareholders' Agreement, the principal terms of which are set out in this announcement, CircuTech Netherlands is granted the Call Option to require (at the discretion of CircuTech Netherlands) the Target Company Existing Shareholders to sell all of the Call Option Shares to CircuTech Netherlands during the Call Option Period, being the period from the date that the Target 2023 Accounts are filed in Germany until the Business Day that falls six months thereafter. If CircuTech Netherlands does not exercise the Call Option before the expiry of the Call Option Period, the Target Company Existing Shareholders may buy-back all of the shares in the Target Company held by CircuTech Netherlands within the Buy-Back Period for the Buy-Back Consideration of EUR1,600,000 (equivalent to approximately HK\$15.5 million). The Company will comply with the applicable GEM Listing Rules as necessary in the event any potential transactions contemplated under the Shareholders' Agreement materialise.

GEM LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined in accordance with Rule 19.07 of the GEM Listing Rules) for the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

As Completion is subject to the satisfaction of the respective conditions precedent under the Sale and Purchase Agreement, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

THE SALE AND PURCHASE AGREEMENT

On 4 June 2018 (after trading hours), CircuTech Netherlands and the Vendors entered into the Sale and Purchase Agreement, pursuant to which CircuTech Netherlands conditionally agreed to acquire from the Vendors the Sale Shares, representing approximately 21.0% of the entire issued share capital of the Target Company, at the Consideration of EUR1,600,000 (equivalent to approximately HK\$15.5 million).

The principal terms of the Sale and Purchase Agreement are set out below:

Date

4 June 2018 (after trading hours)

Parties

Purchaser: CircuTech Netherlands (an indirect wholly-owned subsidiary of the Company)

Vendors: Kienle Consulting (“**Vendor 1**”); and

Mr. Schober (“**Vendor 2**”)

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, each of Kienle Consulting, its ultimate beneficial owner (being Mr. Kienle) and Mr. Schober are third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules) as at the date of this announcement.

Assets to be acquired

The Sale Shares represent approximately 21.0% of the entire issued share capital of the Target Company. Upon Completion, the investment of the Company in the Target Company will be classified as investment in an associate.

Consideration

Pursuant to the Sale and Purchase Agreement, the Consideration of EUR1,600,000 (equivalent to approximately HK\$15.5 million) shall be satisfied in cash at Completion, of which EUR1,360,000 (equivalent to approximately HK\$13.2 million, representing 85.0% of the Consideration) shall be payable to Vendor 1 and EUR240,000 (equivalent to approximately HK\$2.3 million, representing 15.0% of the Consideration) shall be payable to Vendor 2.

The Consideration was arrived at after arm’s length negotiations between the parties to the Sale and Purchase Agreement and was determined after having taken into account, among other things, the historical financial performance, net asset value and the future development potential of the Target Group.

Conditions precedent

Completion shall be subject to and conditional upon fulfillment of the following conditions:

- (a) all statutory, governmental and regulatory obligations having been complied with and all regulatory, statutory, governmental and third party consents and waivers necessary to give effect to the Completion having been obtained by CircuTech Netherlands and the Vendors;
- (b) the Company having complied with all necessary disclosure and/or shareholders' approval requirements pursuant to the GEM Listing Rules in connection with the Acquisition;
- (c) the consolidated audited accounts of the Target Group for the financial year ended 31 January 2018 (the “**2018 Target Financial Statement**”) having been filed in Germany and CircuTech Netherlands having confirmed, in its absolute discretion, that the 2018 Target Financial Statement is satisfactory;
- (d) the Vendors having procured that (i) the shareholder resolutions dividing and amalgamating the existing shares in the Target Company so that the share capital composition as set forth in the Sale and Purchase Agreement is achieved, are passed and notified with the commercial register for the Target Company and (ii) the shareholder list for the Target Company has been updated accordingly; and
- (e) the Vendors having provided evidence satisfactory to CircuTech Netherlands that Cardno K&L JV LLC, an indirectly owned joint venture of the Target Company, has been legally liquidated.

Save for condition (b) above, CircuTech Netherlands may at its option any time prior to the Long Stop Date elect to waive any or all of the conditions precedent as set out above.

If the conditions precedent as set out above have not been satisfied or waived on or before the Long Stop Date, the Sale and Purchase Agreement shall be deemed to be rescinded and shall immediately lapse and cease to have effect except for (i) the clauses in the Sale and Purchase Agreement relating to interpretation, confidentiality, expenses attributable to the Acquisition, assignment, notices, counterparts, governing law and certain general clauses; and (ii) the accrued rights or obligations of the parties at the date of rescission.

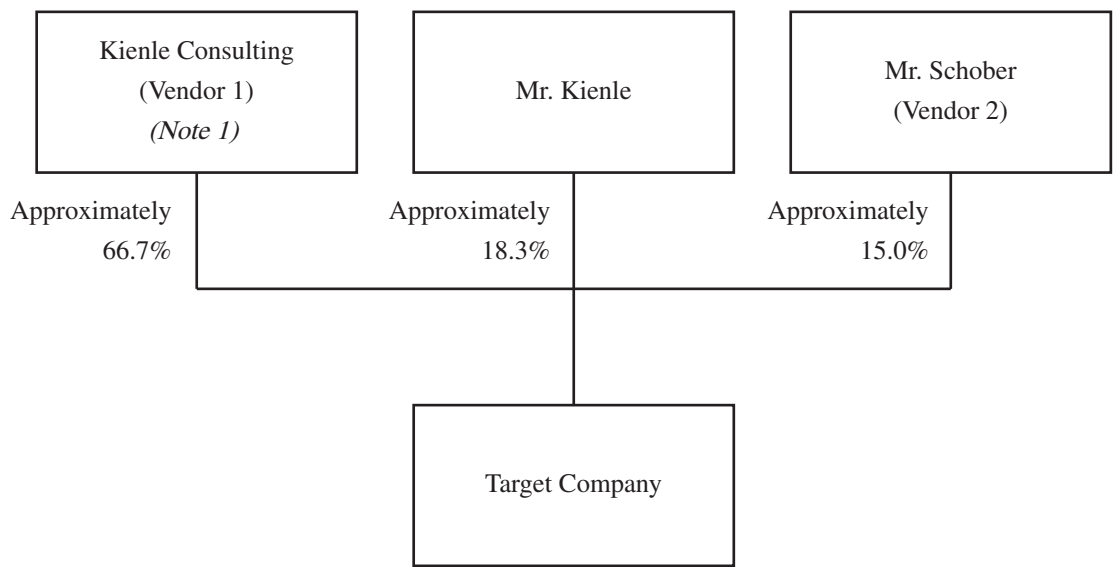
Completion

Completion shall take place on the fifth Business Day after the date on which the last of the conditions precedent as set out above has been satisfied or waived. Upon Completion, the Company will indirectly own approximately 21.0% of the entire issued share capital of the Target Company. With effect from Completion, Mr. Cheng will be appointed as a director of the Target Company.

SHAREHOLDING STRUCTURE OF THE TARGET COMPANY

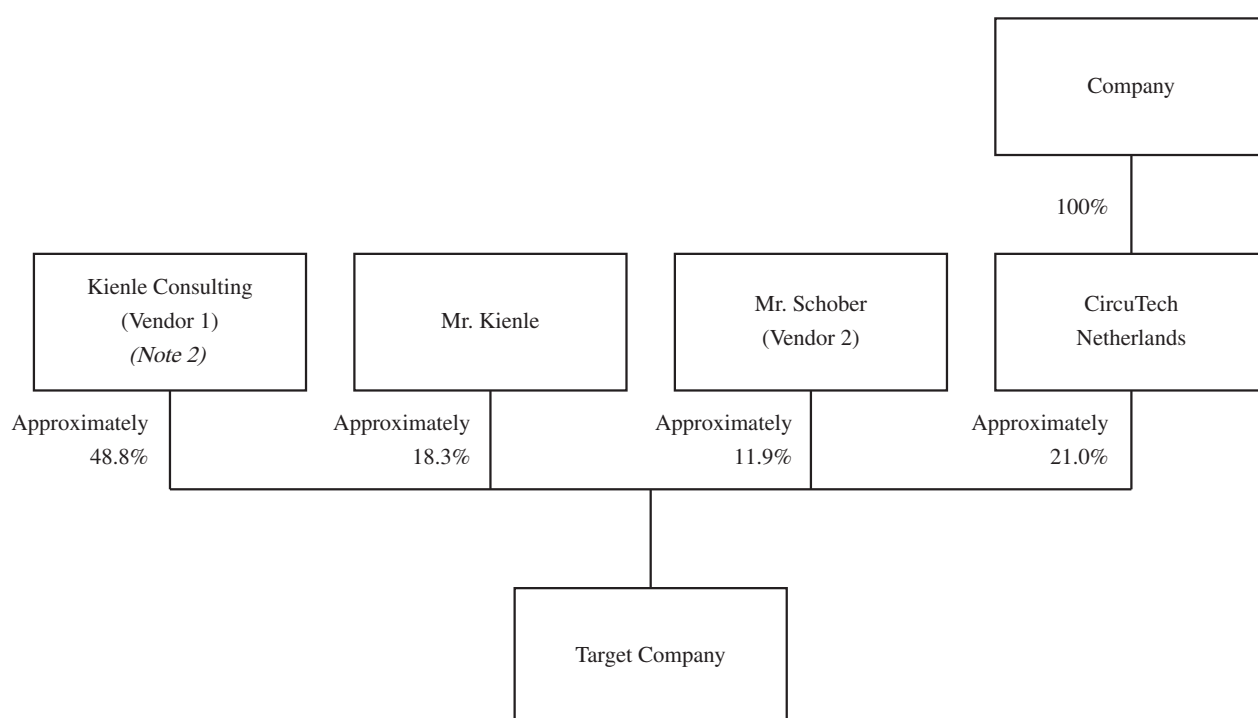
The following are the shareholding structures of the Target Company (i) as at the date of this announcement; and (ii) immediately after Completion:

(i) As at the date of this announcement



Note 1: As Kienle Consulting is wholly owned by Mr. Kienle, Mr. Kienle effectively owns 85.0% of the entire issued share capital of the Target Company as at the date of this announcement.

(ii) Immediately after Completion



Note 2: As Kienle Consulting is wholly owned by Mr. Kienle, Mr. Kienle will effectively own approximately 67.1% of the entire issued share capital of the Target Company immediately after Completion.

INFORMATION OF THE TARGET GROUP

The Target Company is a limited liability company incorporated in Germany. The Target Group is principally engaged in compliance consulting, the provision of sales and marketing services, collecting and take back services, asset remarketing services, recycling, commodities aggregation and trading, certified Waste Electrical and Electronic Equipment disassembly, and metals separation and concentration, in particular, in the information technology, telecommunications and electronics industries.

As at the date of this announcement, the Target Company is owned as to (i) approximately 66.7% by Kienle Consulting; (ii) approximately 18.3% by Mr. Kienle, the sole beneficial owner of Kienle Consulting; and (iii) approximately 15.0% by Mr. Schober.

Upon Completion, the Company will indirectly hold approximately 21.0% of the entire issued share capital of the Target Company. The investment of the Company in the Target Company will be classified as investment in an associate.

FINANCIAL INFORMATION OF THE TARGET COMPANY

Set out below is the key financial information of the Target Company based on its unaudited consolidated management accounts prepared in accordance with German GAAP for the two years ended 31 January 2018.

	For the year ended 31 January 2017		For the year ended 31 January 2018	
		Equivalent to approximately		Equivalent to approximately
	<i>EUR '000</i>	<i>HK\$ million</i>	<i>EUR '000</i>	<i>HK\$ million</i>
Revenue	11,896	115.4	11,597	112.5
Profit before tax	357	3.5	118	1.1
Net profit after tax	159	1.5	55	0.5

As at 31 January 2018, the unaudited consolidated net assets of the Target Company was approximately EUR1.7 million (equivalent to approximately HK\$16.5 million).

THE SHAREHOLDERS' AGREEMENT

Subject to and upon Completion, CircuTech Netherlands, the Target Company and the Target Company Existing Shareholders will enter into the Shareholders' Agreement to govern the relationships among the shareholders of the Target Company.

The principal terms of the Shareholders' Agreement are set out below:

The business

Each party shall exercise its rights and powers to procure that any director of the Target Company appointed by it shall act and vote in relation to the affairs of the Target Company to ensure that the Target Group carries on no business other than the existing business of the Target Group and anything necessarily incidental to it.

Directors and management

The board of the Target Company shall consist of three directors. Subject to the objection rights of each shareholder of the Target Company, each of Kienle Consulting, Mr. Schober and CircuTech Netherlands, for as long as each is a shareholder of the Target Company, shall be entitled to appoint one person as a director of the Target Company and to remove and replace such director.

Upon entering into the Shareholders' Agreement, the directors of the Target Company will be Mr. Kienle (as the appointee of Kienle Consulting), Mr. Schober and Mr. Cheng (as the appointee of CircuTech Netherlands).

Financial commitment

There is no obligation on the shareholders of the Target Company to provide any further finance to, or security for the benefit of, any company of the Target Group.

Protective covenant

The Target Company Existing Shareholders covenant (and agrees to procure that its permitted transferees covenant, as applicable) with each of the other shareholders of the Target Company and with the Target Company that, it shall not in any capacity, whether directly or indirectly, at any time whilst it is a shareholder of the Target Company and for a period of two years after the date on which it ceases to be a shareholder of the Target Company carry on, or be engaged, employed, concerned or interested in any business which competes, directly or indirectly, with the business of the Target Group at the relevant date in which such business is carried on.

Transfer of shares in the Target Company

No shareholder of the Target Company shall, whilst it remains a party to the Shareholders' Agreement, dispose of any legal or beneficial interest in any shares of the Target Company now or subsequently legally or beneficially owned by it, save as expressly permitted by the share transfer provisions stipulated in the Shareholders' Agreement, including where (i) each other shareholder of the Target Company has given its prior consent (the "**Prior Consent**") to such disposal; and (ii) as a result of the exercise of the Call-Option or Buy-Back Option or any other share transfer provision as stipulated in the Shareholders' Agreement being effected.

Pre-emption on transfer

Except where Prior Consent has been obtained, a shareholder of the Target Company shall, before disposing of any shares of the Target Company (the "**Target Sale Shares**"), first offer to sell the Target Sale Shares to the other shareholders of the Target Company at the same price. Upon the closing of any sale of the Target Sale Shares, the selling shareholder shall also procure the resignation of any director of the Target Company appointed by it.

Call Option

Pursuant to the Shareholders' Agreement, CircuTech Netherlands is granted the Call Option to require (at the discretion of CircuTech Netherlands) the Target Company Existing Shareholders (and/or its permitted transferees) to sell all of the Call Option Shares (and/or procure that its permitted transferees sell all of the Call Option Shares) to CircuTech Netherlands during the Call Option Period, being the period from the date that the Target 2023 Accounts are filed in Germany until the Business Day that falls six months thereafter.

CircuTech Netherlands may exercise the Call Option by serving notice (the “**Call Option Notice**”) to the relevant Target Company Existing Shareholders (and/or its permitted transferees, as applicable), providing (i) details of the call option price (the “**Call Option Price**”); and (ii) details of the amount of Call Option Consideration Shares to be issued (and, if so elected by CircuTech Netherlands, the proportion of the Call Option Price to be paid in cash up to a maximum of 75% of the Call Option Price) to each relevant Target Company Existing Shareholder (and/or its permitted transferees, as applicable) in respect of the Call Option Price.

Call Option Price

Pursuant to the Shareholders' Agreement, the Call Option Price represents the aggregate price for all of the Call Option Shares and calculated by (i) taking the relevant percentage represented by the nominal value of the Call Option Shares divided by the total nominal value of all issued shares in the Target Company, where such percentage shall be multiplied by the valuation of the total issued share capital of the Target Company based on 5 times the EBITDA of the Target Group as set out in the Target 2023 Accounts and agreed between the parties; (ii) minus EUR100,000 (equivalent to approximately HK\$1.0 million); and (iii) minus the aggregate amount by which the net profit of the Target Group as set out in the Target 2019 Accounts, the Target 2020 Accounts, the Target 2021 Accounts, the Target 2022 Accounts and the Target 2023 Accounts is less than the Net Profit Target for each set of Target Accounts.

Call Option Share Completion shall take place within 20 Business Days of the later of (i) the agreement of the relevant Call Option Price; and (ii) the date on which notification of the grant of any required shareholder, anti-trust or regulatory consent, in a form satisfactory to CircuTech Netherlands, is received (and in relation to any shareholder of the Target Company consent, each shareholder of the Target Company agrees to give consent as soon as reasonably practicable).

The Company will comply with the applicable GEM Listing Rules as necessary in the event CircuTech Netherlands exercises the Call Option.

Buy-Back Option

Pursuant to the Shareholders' Agreement, if CircuTech Netherlands does not exercise the Call Option before the expiry of the Call Option Period, the Target Company Existing Shareholders may buy-back all of the shares in the Target Company held by CircuTech Netherlands within the Buy-Back Period for the Buy-Back Consideration of EUR1,600,000 (equivalent to approximately HK\$15.5 million). The Company will comply with the applicable GEM Listing Rules as necessary in the event the Target Company Existing Shareholders exercises the Buy-Back Option.

The completion of the Buy-Back Option shall take place within 20 Business Days of the receipt of notice by CircuTech Netherlands. The Target Company Existing Shareholders shall use all reasonable endeavours to obtain any required regulatory consent to give effect to the completion of the Buy-Back Option.

Prior to the completion of the Buy-Back Option, each shareholder of the Target Company shall procure that the Target Company shall pay the Dividend Amount to CircuTech Netherlands by way of special dividend.

The Company will comply with the applicable GEM Listing Rules if and as necessary in the event any potential transactions contemplated under the Shareholders' Agreement materialise.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the sales and distribution of IT products. The Group is also engaged in the provision of repair, maintenance and other service support of electronic products.

As disclosed in the Company's prospectus dated 26 September 2017, the Group is exploring suitable opportunities to invest in the business segment of "circular economy – green technology", which ranges from post-sales service and support to technologies in recycling and transforming used technology products and materials. The Group considers that strategic investment in such segment would enable the Group to enhance its exposure in "green technology" and enhance the Group's business profile.

In view of the business activities and the vision of the Target Group, which aims to implement compliance consulting, the provision of take back services and value recycling economy for the electronics industry, the Company considers that the Group's investment in the Target Group will enable the Group to expand its exposure in "green technology" and further develop the Group's businesses in the arena of "circular economy".

The Directors are of the view that the terms of the Sale and Purchase Agreement and the Shareholders' Agreement are fair and reasonable and on normal commercial terms so far as the Company and the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined in accordance with Rule 19.07 of the GEM Listing Rules) for the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

As Completion is subject to the satisfaction of the respective conditions precedent under the Sale and Purchase Agreement, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares by CircuTech Netherlands from the Vendors pursuant to the Sale and Purchase Agreement
“associate(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday) when banks are generally open in Germany for normal business
“Buy-Back Consideration”	an amount in cash equal to EUR1,600,000 (equivalent to approximately HK\$15.5 million)
“Buy-Back Option”	the buy-back option granted to the Target Company Existing Shareholders pursuant to the Shareholders' Agreement, which provides the Target Company Existing Shareholders the option to buy-back (at the discretion of the Target Company Existing Shareholders) all of the shares in the Target Company held by CircuTech Netherlands in the event CircuTech Netherlands does not exercise the Call Option before the expiry of the Call Option period

“Buy-Back Period”	a period of three months from the expiry of the Call Option Period
“Call Option”	the call option granted to CircuTech Netherlands pursuant to the Shareholders’ Agreement, which provides CircuTech Netherlands the right to require (at the discretion of CircuTech Netherlands) the Target Company Existing Shareholders (and/or its permitted transferees) to sell all of the Call Option Shares to CircuTech Netherlands during the Call Option Period
“Call Option Consideration Shares”	<p>the Shares to be allotted and issued pro rata to the Target Company Existing Shareholders (and/or its permitted transferees, as applicable) in full or partial consideration for the purchase of the Call Option Shares upon the Call Option Share Completion, calculated using the following formula:</p> $\text{Number of Call Option Consideration Shares} = (\text{Call Option Price} - \text{the amount of the Call Option Price which is to be paid in cash (up to a maximum cash amount of 75\% of the relevant Call Option Price) as elected by CircuTech Netherlands}) / \text{the average of the closing share price of the Company five Business Days immediately preceding the relevant Call Option Share Completion}$
“Call Option Period”	the period from the date that the Target 2023 Accounts are filed in Germany until the Business Day that falls six months thereafter
“Call Option Shares”	all shares of the Target Company held by the Target Company Existing Shareholders (or their permitted transferees) at the time of exercise of the Call Option (being, when disregarding the existing shares in the Target Company held by CircuTech Netherlands, the entire issued share capital of the Target Company remaining at the time of exercise of the Call Option)
“Call Option Share Completion”	the completion of the sale and purchase of the Call Option Shares
“CircuTech Netherlands”	CircuTech Holdings Alliances (Netherlands) B.V., a company incorporated in the Netherlands with limited liability and an indirect wholly-owned subsidiary of the Company

“Company”	CircuTech International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM (Stock Code: 8051)
“Completion”	completion of the Acquisition
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	the consideration for the Acquisition
“controlling shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Dividend Amount”	21% of the aggregate retained earnings of the Target Group as set out in the Target 2019 Accounts, the Target 2020 Accounts, the Target 2021 Accounts, the Target 2022 Accounts and the Target 2023 Accounts (or such lesser amount that is equal to the maximum dividend that the Target Company is entitled to pay pursuant to the applicable laws)
“EBITDA”	earnings before interest, taxes, depreciation and amortisation
“EUR”	Euro dollars
“GEM”	The GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“German GAAP”	the generally accepted accounting principles as applied in Germany
“Germany”	the Federal Republic of Germany
“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 People’s Republic of China

“Kienle Consulting”	Kienle Consulting GmbH, a limited liability company incorporated in Germany, being the registered owner of approximately 66.7% of the entire issued share capital of the Target Company as at the date of announcement, and wholly-owned by Mr. Kienle
“Long Stop Date”	six months after the date of the Sale and Purchase Agreement
“Mr. Cheng”	Mr. Cheng Michael Ichiang, an executive director of the Company
“Mr. Kienle”	Mr. Armin Kienle, being the registered owner of approximately 18.3% of the entire issued share capital of the Target Company and the sole beneficial owner of Kienle Consulting as at the date of this announcement
“Mr. Schober”	Mr. Wolfgang Schober, being the beneficial owner of approximately 15.0% of the entire issued share capital of the Target Company as at the date of this announcement
“Net Profit Target”	the target net profit of EUR145,600 (equivalent to approximately HK\$1.4 million) in respect of a set of Target Accounts for the relevant financial year
“percentage ratios”	has the meaning ascribed to it under Rule 19.07 of the GEM Listing Rules
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 4 June 2018 entered into by CircuTech Netherlands and the Vendors in respect of the Acquisition
“Sale Shares”	1 share with the nominal amount of EUR13,388 of the Target Company held by Kienle Consulting; and 1 share with the nominal amount of EUR2,363 of the Target Company held by Mr. Schober, which in aggregate represent approximately 21.0% of the entire issued share capital of the Target Company, to be acquired by CircuTech Netherlands pursuant to the Sale and Purchase Agreement
“Share(s)”	share(s) of HK\$0.20 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares

“Shareholders’ Agreement”	the shareholders’ agreement to be entered into between the Target Company Existing Shareholders, CircuTech Netherlands and the Target Company at Completion governing the relationship among shareholders of the Target Company and management of the Target Company after Completion
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target 2019 Accounts”	the Target Accounts for the financial year ending 31 January 2019
“Target 2020 Accounts”	the Target Accounts for the financial year ending 31 January 2020
“Target 2021 Accounts”	the Target Accounts for the financial year ending 31 January 2021
“Target 2022 Accounts”	the Target Accounts for the financial year ending 31 January 2022
“Target 2023 Accounts”	the Target Accounts for the financial year ending 31 January 2023
“Target Accounts”	the consolidated, audited financial statements of the Target Group for the relevant financial year
“Target Company”	4Square Return GmbH, a limited liability company incorporated in Germany
“Target Company Existing Shareholders”	Kienle Consulting, Mr. Kienle and Mr. Schober
“Target Group”	the Target Company and its subsidiaries
“Vendors”	Kienle Consulting and Mr. Schober
“%”	Percentage or per centum

For illustration purposes in this announcement, the amounts in EUR were translated into HK\$ at the rate of EUR1 = HK\$9.70. No representation is made that any amounts in EUR or HK\$ could have been or could be converted at the above rate or at any other rates or at all.

By Order of the Board
CircuTech International Holdings Limited
Dr. Woo Kwok Fai Louis
Chairman and Chief Executive Officer

Hong Kong, 4 June 2018

As at the date of this announcement, the executive Directors are Dr. Woo Kwok Fai Louis, Mr. Chin Yin-Shen, Ms. Chen Ching-Hsuan and Mr. Cheng Michael Ichiang; the non-executive Director is Mr. Hong Sung-Tai; and the independent non-executive Directors are Mr. Yeung Wai Hung Peter, Mr. Li Robin Kit Ling and Mr. Miao Benny Hua-ben.

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 at the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least seven days from the date of its posting and on the website of the Company at www.circutech.com.

In any event of any discrepancies between the English version and the Chinese version, the English version shall prevail.