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PC PARTNER GROUP LIMITED

栢能集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1263)

DISCLOSEABLE TRANSACTION PROPOSED FORMATION OF JOINT VENTURE COMPANY UNDER LETTER OF INTENT

LETTER OF INTENT

On 12 January 2019, PC Partner Wealth, a wholly owned subsidiary of the Company, entered into the legally binding Letter of Intent with the JV Partner, pursuant to which the parties have conditionally agreed to set up the JV Company in the PRC principally for the investment in and operation of, among others, the leasing of servers and projects involving cloud computing, container cloud and deep learning.

Pursuant to the Letter of Intent, each of PC Partner Wealth and the JV Partner will hold 50% equity interest in the JV Company. Upon the establishment of the JV Company, it will be recognised as an associated company of the Company and its accounts will not be consolidated with those of the Company.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the formation of the JV Company is more than 5% but less than 25%, the Letter of Intent and the transactions contemplated thereunder constitute a discloseable transaction for the Company pursuant to Chapter 14 of the Listing Rules and are subject to the reporting and announcement requirements thereunder.

LETTER OF INTENT

Date: 12 January 2019

Parties: (i) PC Partner Wealth, a wholly owned subsidiary of the Company
(ii) the JV Partner

To the best knowledge, information and belief of the Directors after making reasonable enquiries, the JV Partner and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Proposed business scope of the JV Company

Pursuant to the Letter of Intent, conditional upon the fulfilment (or waiver) of the conditions set out in the paragraph headed “Conditions” in this announcement below, the JV Company will be set up in the PRC principally for the investment in and operation of, among others, the leasing of servers and projects involving cloud computing, container cloud and deep learning.

Conditions

The investment by the parties under the Letter of Intent is subject to the following conditions:

- (1) Each of PC Partner Wealth and the JV Partner will conduct a due diligence review against each other. Both parties shall complete such due diligence review against each other and issue a written review opinion to the other party within 10 days from the date of the Letter of Intent (or such other date as the parties may agree) (the “**Fulfilment Date**”); and
- (2) The JV Partner shall procure to provide PC Partner Wealth with a letter of guarantee in favour of PC Partner Wealth, guaranteeing the JV Partner’s obligation to make capital contribution to the JV Company in accordance with the terms of the Letter of Intent, to the satisfaction of PC Partner Wealth.

If any of the above conditions is not fulfilled (or waived) by the Fulfilment Date, the transactions contemplated under the Letter of Intent will not proceed and no party shall have any claim against or liability to the other party unless the parties agree otherwise.

Proposed contribution to the JV Company

According to the Letter of Intent, the proposed total registered capital of the JV Company is US\$35,000,000. PC Partner Wealth will contribute US\$16,800,000 in kind by way of GPU cards and the JV Partner will contribute US\$18,200,000 in kind by way of computer servers and accessories. The equity interest of the JV Company will be owned

as to 50% by PC Partner Wealth and 50% by the JV Partner. Upon the establishment of the JV Company, it will be recognised as an associated company of the Company and its accounts will not be consolidated with those of the Company.

The parties to the Letter of Intent have agreed to make the above contribution by 28 February 2019 (or such other date as may be agreed by the parties).

For the period of one year from the establishment of the JV Company, neither party may transfer its equity interest in the JV Company. After the expiry of the aforesaid one year period, neither party may transfer its equity interest in the JV Company to any third party unless with the consent of the other party. Where one party intends to transfer its equity interest in the JV Company, the other party has the right of first refusal on the same terms.

Proposed management of the JV Company

It is proposed that the board of directors of the JV Company will comprise four directors, of which two will be nominated by PC Partner Wealth and two will be nominated by the JV Partner. PC Partner Wealth shall be entitled to nominate the financial controller of the JV Company. The JV Partner shall be entitled to nominate the legal representative, the chairman of the board of directors, the general manager and the operational staff of the JV Company.

Any material decision of the JV Company will be subject to the unanimous resolution passed by the board of directors or the agreement in writing of all the directors.

Proposed term of cooperation

Pursuant to the Letter of Intent, the term of cooperation is three years commencing from 12 January 2019 to 11 January 2022, extendable upon mutual agreement between the parties.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LETTER OF INTENT

The Company considers the cooperation with the JV Partner under the Letter of Intent presents a good opportunity for the Group to tap into the area of leasing of servers and projects involving cloud computing, container cloud and deep learning. Should the investment in the JV Company prove to be successful, the Group may further explore extending its business into such area. The Directors are of the view that the proposed investment in the JV Company is in line with the Group's business development and investment strategies.

Based on the above, the Directors (including the independent non-executive Directors) consider that the terms of the Letter of Intent are fair and reasonable, the transactions contemplated under the Letter of Intent are on normal commercial terms and in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE COMPANY AND PC PARTNER WEALTH

The Group is principally engaged in design, manufacturing and trading of personal computer related products and components, such as video graphics cards for desktop personal computers and mini-PC with its operation based in the PRC.

PC Partner Wealth is a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company. It is principally engaged in investment holding.

INFORMATION ON THE JV PARTNER

The JV Partner is a limited liability company established in the PRC. It is principally engaged in the research, development, design, production and sales of computer system integration, computer hardware and software, electronic products, power electronic components and other electronic equipment, and the provision of cloud computing, blockchain, high-performance computing technical services and technical consulting.

LISTING RULES IMPLICATIONS

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DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings set out below:

“Board”	the board of Directors
“Company”	PC Partner Group Limited, a company incorporated in the Cayman Islands with limited liability and whose Shares are listed on the Main Board of the Stock Exchange (Stock Code: 1263)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“JV Company”	a joint venture to be established by PC Partner Wealth and the JV Partner
“JV Partner”	a limited liability company established in the PRC
“Letter of Intent”	the legally binding, conditional letter of intent dated 12 January 2019 between PC Partner Wealth and the JV Partner in relation to their joint investment through the JV Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PC Partner Wealth”	PC Partner Wealth Investment Limited, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States Dollars, the lawful currency of the United States of America
“%”	per cent.

By Order of the Board
PC PARTNER GROUP LIMITED
WONG Shik Ho Tony
Chairman

Hong Kong, 12 January 2019

As at the date of this announcement, the Executive Directors are Mr. WONG Shik Ho Tony, Mr. WONG Fong Pak, Mr. LEUNG Wah Kan, Mr. HO Nai Nap, Mr. MAN Wai Hung; the Non-executive Director is Mrs. HO WONG Mary Mee-Tak (Mr. CHIU Wing Yui is Alternate Director to Mrs. HO WONG Mary Mee-Tak); and the Independent Non-executive Directors are Mr. IP Shing Hing, Mr. LAI Kin Jerome and Mr. CHEUNG Ying Sheung.

* For identification purposes only