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TOP DYNAMIC

TOP DYNAMIC INTERNATIONAL HOLDINGS LIMITED
泰邦集團國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2203)

**MEMORANDUM OF UNDERSTANDING IN RESPECT OF
POSSIBLE ACQUISITION AND CONNECTED TRANSACTION**

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board would like to announce that on 24 October 2018, the Company has entered into the MOU with the Vendors, pursuant to which the Company or any other entity designated by the Company, as purchaser, intended to purchase and the Vendors intended to sell 88% share in the Target Company for a maximum consideration of RMB70.4 million (equivalent to approximately HK\$79.6 million) (subject to a possible downward adjustment based on profit guarantee to be undertaken by the Vendors with regard to the financial performance of the Target Group with details to be determined by the parties). The Purchaser also intends to further purchase the remaining 12% share in the Target Company subject to the discussion with the remaining shareholders of the Target Company.

The Target Group is principally engaged in broadband infrastructure construction for residential properties, and providing integrated solution for smart communities and smart cities projects. Its smart community and smart city solution includes hardware for security and identification purposes, software for residence management and community services. The Target Group aims to be a leading player in the industry in the Greater Bay Area.

The MOU is not intended to be legally binding (save for certain provisions such as the provisions on confidentiality, costs and governing law). If the Purchaser proceeds with the Proposed Acquisition, it will enter into legally binding agreement(s) with the Vendors in respect of the Proposed Acquisition.

The Board wishes to emphasise that the Proposed Acquisition may or may not proceed and that the Purchaser has not entered into any binding agreement in relation to the Proposed Acquisition as at the date of this announcement. If the Proposed Acquisition materialises, it may constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules and a connected transaction for the Company under Chapter 14A of the Listing Rules.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares. The Company will make further announcement(s) in respect of the Proposed Acquisition as and when appropriate in accordance with the Listing Rules.

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INTRODUCTION

The Board would like to announce that on 24 October 2018, the Company has entered into the MOU with the Vendors, pursuant to which the Company or any other entity designated by the Company, as purchaser, intended to purchase and the Vendors intended to sell 88% share in the Target Company for a maximum consideration of RMB70.4 million (equivalent to approximately HK\$79.6 million) (subject to a possible downward adjustment based on profit guarantee to be undertaken by the Vendors with regard to the financial performance of the Target Group with details to be determined by the parties). The Purchaser also intends to further purchase the remaining 12% share in the Target Company subject to the discussion with the remaining shareholders of the Target Company.

MEMORANDUM OF UNDERSTANDING

The principal terms of the MOU include the followings:

Date: 24 October 2018

Parties:

1. The Purchaser; and
2. The Vendors, being the legal and beneficial owners of 88% share in the Target Company, one of them is a connected person of the Company under the Listing Rules.

Assets to be acquired: 88% share in the Target Company. The Target Company is a limited liability company incorporated in the PRC.

Consideration: The maximum consideration for the Proposed Acquisition shall be RMB70.4 million (equivalent to approximately HK\$79.6 million) (subject to a possible downward adjustment based on profit guarantee to be undertaken by the Vendors with regard to the financial performance of the Target Group with details to be determined by the parties).

Due diligence: The Purchaser shall be entitled (but not obliged) to carry out a due diligence review and investigation on each member of the Target Group including without limitation to their assets, liabilities, business, financial, legal and other aspects.

Conditions Precedent for the Proposed Acquisition: Completion shall be conditional upon the fulfillment of the conditions precedent, including: (i) the Purchaser at its sole and absolute discretion being satisfied with the due diligence review (if applicable); (ii) the Vendors having obtained the necessary approvals, consents and/or waivers in relation to the Proposed Acquisition from the relevant governmental or regulatory authorities or bodies or other third parties and not being revoked; (iii) the Purchaser having obtained the necessary authorisations, approvals, consents, clearances and/or waivers from the relevant governmental or regulatory authorities or bodies or other third parties in relation to the Proposed Acquisition and not being revoked; (iv) the representations, warranties and undertakings given by the Vendors having remained true, accurate and not misleading in all material respects; and (v) no material adverse change of the Target Group having occurred prior to the Completion or being likely to occur whether on or before the Completion.

Long stop date: The MOU shall become effective on the date of the MOU and shall terminate and lapse on the earlier of (i) the date on which the Formal Agreement is to be executed; or (ii) 365 days from the date of the MOU or such later date as the parties to the MOU may otherwise agree in writing.

Binding effect: Save for certain provisions in relation to, for instance, confidentiality, costs and other general provisions, the other terms of the MOU are not intended to be legally binding.

INFORMATION ABOUT THE TARGET COMPANY

The Target Group is principally engaged in broadband infrastructure construction for residential properties, and providing integrated solution for smart communities and smart cities projects. Its smart community and smart city solution includes hardware for security and identification purposes, software for residence management and community services. The Target Group aims to be a leading player in the industry in the Greater Bay Area.

REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION

In order to diversify the Group's business and broaden the source of income of the Group, the Group has been proactively seeking potential investment opportunities. As smart living including smart home solutions and smart city services has become increasingly popular, the Company believes that the growth of smart living related business is promising. As such, the Company is focusing on the business opportunities in development of technology applications around smart living and smart cities related business, including by way of acquisition. In light of the business prospects and experienced management team of the Target Group, the Company is confident that the Proposed Acquisition will allow the Group to capture the opportunities arising from the potential growth in smart living related business.

In addition to smart living related business, the Target Group which is located in the Greater Bay Area aims to be a leading player in the industry in the region. Having considered the future development of the Greater Bay Area, the Company considers that the Proposed Acquisition is in line with the Group's business diversification strategy and represents an attractive investment opportunity of the Group to tap into the smart living related business in the Greater Bay Area with growth potential and to generate diversified income and additional cashflow through the Proposed Acquisition.

Taking into account the above factors, all the Directors (other than the independent non-executive Directors who will express their views after considering the advice from the independent financial adviser, if the Proposed Acquisition materializes) are of the view that the Proposed Acquisition is in the ordinary and usual course of business of the Group and on normal commercial terms and that the terms thereof are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

GENERAL

The MOU is not intended to be legally binding (save for certain provisions such as the provisions on confidentiality, costs and governing law). If the Purchaser proceeds with the Proposed Acquisition, it will enter into legally binding agreement(s) with the Vendors in respect of the Proposed Acquisition.

The Board wishes to emphasise that the Proposed Acquisition may or may not proceed and that the Purchaser has not entered into any binding agreement in relation to the Proposed Acquisition as at the date of this announcement. If the Proposed Acquisition materialises, it may constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules and a connected transaction for the Company under Chapter 14A of the Listing Rules.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares. The Company will make further announcement(s) in respect of the Proposed Acquisition as and when appropriate in accordance with the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Completion”	completion of the Proposed Acquisition
“Company”	Top Dynamic International Holdings 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: 2203)
“connected person”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Formal Agreement”	the formal agreement(s) to be entered into between the Purchaser and the Vendors in respect of the Proposed Acquisition and incorporating the terms of the MOU
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Greater Bay Area”	Guangdong-Hong Kong-Macao Greater Bay Area which comprises nine cities in Guangdong Province (namely, Guangzhou, Shenzhen, Dongguan, Huizhou, Foshan, Jiangmen, Zhongshan, Zhuhai, Zhaoqing), Hong Kong and Macao
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the memorandum of understanding dated 24 October 2018 entered into between the Company and the Vendors in relation to the Proposed Acquisition
“PRC”	the People’s Republic of China, which for the purpose of this announcement, shall exclude Hong Kong, Macao Special Administrative Region of the PRC and Taiwan
“Proposed Acquisition”	the proposed acquisition by the Purchaser intends to purchase 88% of the share in the Target Company
“Purchaser”	the Company or any other entity designated by it
“Share(s)”	ordinary share(s) in the capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	a company incorporated in the PRC principally engaged in broadband infrastructure construction for residential properties, and providing integrated solution for smart communities and smart cities projects
“Target Group”	the Target Company and its subsidiary
“Vendors”	two of the shareholders of the Target Company, being the legal and beneficial owners of a total of 88% share in the Target Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“RMB” Renminbi, the lawful currency of the PRC

“%” per cent

In this announcement, amounts in RMB are translated to HK\$ on the basis of RMB1 = HK\$1.13. The conversion is for illustration purpose only and should not be taken as a representation that RMB could actually be converted into HK\$ at that rate or at other rates or at all.

By order of the Board
Top Dynamic International Holdings Limited
Zhang Liang Johnson
Executive Director

Hong Kong, 24 October 2018

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. Zhang Liang Johnson, Ms. Wan Duo and three independent non-executive Directors, namely Mr. Xu Liang, Mr. Chen Johnson Xi and Ms. Zhang Yibo.