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Sandmartin International Holdings Limited

聖馬丁國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 482)

- (1) PROPOSED RIGHTS ISSUE ON THE BASIS OF
THREE (3) RIGHTS SHARES FOR EVERY TWO (2) SHARES
HELD ON THE RECORD DATE;
(2) CONNECTED TRANSACTION IN RELATION TO
THE UNDERWRITING AGREEMENT;
(3) APPLICATION FOR WHITEWASH WAIVER;
(4) SPECIAL DEAL;
AND
(5) RESUMPTION OF TRADING**

Financial adviser to the Company



禹銘投資管理有限公司
YU MING INVESTMENT MANAGEMENT LIMITED

Placing Agent of the Rights Issue



萬基證券有限公司
MORTON SECURITIES LIMITED

Independent Financial Adviser



紅日資本有限公司
RED SUN CAPITAL LIMITED

PROPOSED RIGHTS ISSUE

The Company proposes to issue 738,242,235 Rights Shares by way of the Rights Issue, on the basis of three (3) Rights Shares for every two (2) Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price of HK\$0.12 per Rights Share to raise approximately HK\$88.6 million before expenses (assuming no new issue or repurchase of Shares on or before the Record Date).

* For identification purpose only

The maximum net proceeds from the Rights Issue after deducting the relevant expenses are estimated to be approximately HK\$84.59 million (assuming no change in the number of Shares in issue on or before the Record Date). The Company intends to apply the net proceeds from the Rights Issue for repayment of the Loan and general working capital of the Group.

The Rights Issue will only be available to the Qualifying Shareholders and will not be available to the Non-Qualifying Shareholders. There will be no excess application arrangements in relation to the Rights Issue.

Irrevocable Undertaking

First Steamship and parties acting in concert with it are interested in an aggregate of 142,628,902 Shares (representing approximately 28.98% of the entire issued share capital of the Company as at the date of this announcement), of which 124,950,000 Shares (representing approximately 25.39% of the entire issued share capital of the Company as at the date of this announcement) are held by it and 17,678,902 Shares (representing approximately 3.59% of the entire issued share capital of the Company as at the date of this announcement) are held by Grand Citi, a 58.62% indirectly owned subsidiary of First Steamship.

Pursuant to the Irrevocable Undertaking, First Steamship has undertaken to the Company that (i) it will subscribe for and/or procure subscriptions for 213,943,353 Rights Shares which comprise the full acceptance of the provisional entitlement in respect of the aggregate of 142,628,902 Shares beneficially held by First Steamship and Grand Citi; (ii) it will not and will procure Grand Citi not to dispose of, or agree to dispose of, any of the 124,950,000 Shares and 17,678,902 Shares currently owned by it and Grand Citi, respectively, and such Shares will remain beneficially owned by it and Grand Citi, respectively, up to and including the Record Date; (iii) it will, and will procure Grand Citi to accept, its (as applicable) entitlements under the Rights Issue for an aggregate of 213,943,353 Rights Shares; and (iv) it will and will procure Grand Citi lodge or procure the subscription of the 187,425,000 Rights Shares and 26,518,353 Rights Shares respectively, which will be the number of Rights Shares provisionally allotted (on nil-paid basis) to it and Grand Citi respectively, under the Rights Issue, with the Registrar.

The Compensatory Arrangements and the Placing Agreement

The Company will make arrangements to dispose of the Unsubscribed Rights Shares, comprising the Rights Shares that are not subscribed by the Qualifying Shareholders and the Non-Qualifying Shareholders, by offering the Unsubscribed Rights Shares to independent placees who are not Shareholders for the benefit of the relevant No Action Shareholders and the Non-Qualifying Shareholders to whom they were offered under the Rights Issue.

On 15 March 2023 (after trading hour of the Stock Exchange), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has agreed to procure Placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares. The placing price of the Unsubscribed Rights Shares shall be not less than the Subscription Price. The final price determination will be determined based on the demand for and market conditions of the Unsubscribed Rights Shares at the time of placement.

THE UNDERWRITING AGREEMENT

On 15 March 2023 (after trading hour of the Stock Exchange), the Company entered into the Underwriting Agreement with First Steamship in respect of the Rights Issue, pursuant to which First Steamship has agreed to subscribe for the Untaken Rights Shares, being all the Unsubscribed Rights Shares that are not placed by the Placing Agent or they have been placed but the placees have not paid therefor at 4:00 p.m. on the Placing Completion Date, pursuant to the terms and subject to the conditions set out in the Underwriting Agreement.

LISTING RULES IMPLICATIONS

The Rights Issue, upon completion, will increase the issued share capital of the Company by more than 50%. In accordance with Rule 7.19A and Rule 7.27A of the Listing Rules, the Rights Issue is conditional on approval by the Independent Shareholders (comprising both the Qualifying Shareholders and the Non-Qualifying Shareholders) at the SGM at which the controlling shareholders and their associates or, where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) relating to the Rights Issue at the SGM. As such, the Directors (excluding independent non-executive Directors) and their associates shall abstain from voting in favour of the resolution(s) to approve the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder at the SGM. As at the date of this announcement, save for Mr. Hung (an executive Director) who is interested in 70,718,859 Shares, representing approximately 14.37% of the issued share capital of the Company, through Metroasset Investments Limited, a company beneficially owned as to 45.09%, 43.38% and 10.53% by Mr. Hung, Ms. Chen Mei Huei (spouse of Mr. Hung) and Mr. Hung Chih Chun (son of Mr. Hung) respectively, none of the Directors or their associates hold any Shares.

The Underwriter is a substantial shareholder of the Company and therefore a connected person of the Company. Accordingly, the transaction contemplated under the Underwriting Agreement constitutes a connected transaction for the Company under the Listing Rules and the Underwriting Agreement is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Underwriter and its associates shall abstain from voting in favour of the resolution(s) in relation to the Underwriting Agreement and the transactions contemplated thereunder at the SGM.

Mr. Kuo, a non-executive Director, is a director and chairman of First Steamship and a director of the Placing Agent, and as such, may have conflict of interests in respect of the Rights Issue, the Underwriting Agreement, the Placing Agreement, the Special Deal and the transactions contemplated thereunder and/or the Whitewash Waiver. He has abstained from voting at the meeting of the Board convened to consider such matters. As at the date of this announcement, Mr. Kuo does not hold any Shares.

TAKEOVERS CODE IMPLICATIONS AND APPLICATION FOR WHITEWASH WAIVER AND SPECIAL DEAL

As at the date of this announcement, First Steamship and parties acting in concert with it (including Grand Citi) are interested in an aggregate of 142,628,902 Shares, representing approximately 28.98% of the issued share capital of the Company. First Steamship has provided the Irrevocable Undertaking to take up and pay for, and procure the taking up and payment by Grand Citi, an aggregate of 213,943,353 Rights Shares to be provisionally allotted to them respectively under the Rights Issue. Assuming no Rights Shares are taken up by the Qualifying Shareholders (other than those to be taken up by First Steamship and Grand Citi pursuant to the Irrevocable Undertaking) and no Unsubscribed Rights Shares are successfully placed under the Compensatory Arrangements, First Steamship, as the Underwriter, will be required to take up a maximum of 524,298,882 Rights Shares.

In such circumstances and upon completion of the Rights Issue, assuming that there is no change in the issued share capital of the Company other than the allotment and issue of the Rights Shares, First Steamship and parties acting in concert with it (including Grand Citi) will, in aggregate, be interested in 880,871,137 Shares, representing approximately 71.59% of the issued share capital of the Company. Accordingly, First Steamship would be required to make a mandatory general offer under Rule 26 of the Takeovers Code for all the Shares not already owned or agreed to be acquired by it and parties acting in concert with it (including Grand Citi), unless the Whitewash Waiver is granted.

An application will be made by First Steamship to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, (i) the approval by at least 75% of the independent votes that are casted by the Independent Shareholders at the SGM by way of poll in respect of the Whitewash Waiver; and (ii) the approval by more than 50% of the Independent Shareholders at the SGM by way of poll in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Special Deal and the transactions contemplated thereunder. First Steamship, its associates and parties acting in concert with it (including Grand Citi), Mr. Hung and his associates, the Lender and its associates and any Shareholders who are involved in, or interested in (other than by being a Shareholder), or have a material interest in the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Special Deal and the transactions contemplated thereunder, and/or the Whitewash Waiver shall abstain from voting on the relevant resolution(s) at the SGM.

As of the date of this announcement, the Lender and its associates are interested in 24,000,000 Shares (representing approximately 4.88% of the issued share capital of the Company) and the Company is indebted to the Lender the Loan (including principal of approximately HK\$196.21 million and accrued interest of approximately HK\$14.73 million). Under the Takeovers Code, the use of the proceeds from the Rights Issue to repay the Loan under the Repayment Proposal would constitute a favourable condition not extended to all Shareholders and therefore a special deal under Rule 25 of the Takeovers Code and requires the consent of the Executive. The Executive's consent, if granted, will be conditional upon (i) the Independent Financial Adviser to the Independent Board Committee publicly giving an opinion that the terms of the Special Deal are fair and reasonable; and (ii) the approval of the Independent Shareholders of the Special Deal at a shareholders' meeting by way of poll. The Company will seek the consent of the Executive to the Special Deal under Note 5 to Rule 25 of the Takeovers Code.

The Rights Issue is conditional on, among other things, the granting of the Whitewash Waiver by the Executive, the granting of the Executive's consent to the Special Deal and the approval by the Independent Shareholders at the SGM in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Special Deal and the transactions contemplated thereunder and the Whitewash Waiver as mentioned above. If the Whitewash Waiver or the Special Deal is not granted and/or approvals by the Independent Shareholders are not obtained, the Rights Issue will not proceed.

As at the date of this announcement, the Company does not believe that the Rights Issue, the Underwriting Agreement, the Placing Agreement, the Special Deal and the transactions contemplated thereunder and the Whitewash Waiver would give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the Circular. The Company notes that the Executive may not grant the Whitewash Waiver and the Special Deal if the Rights Issue, the Underwriting Agreement, the Placing Agreement, the Special Deal and the transactions contemplated thereunder and the Whitewash Waiver do not comply with other applicable rules and regulations.

THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising Mr. Wu Chia Ming, Ms. Chen Wei-Hui and Mr. Lu Ming-Shiuan, being all the independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the Rights Issue, the Underwriting Agreement, the Special Deal and the transactions contemplated thereunder respectively, and the Whitewash Waiver, and as to the voting action therefor.

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee should comprise all non-executive and independent non-executive Directors. Since Mr. Kuo, a non-executive Director, is the chairperson and a director of First Steamship, Mr. Kuo is not considered as independent for the purpose of giving advice or recommendations to the Independent Shareholders and will not be part of the Independent Board Committee.

With the approval of the Independent Board Committee, the Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in these regards.

DESPATCH OF CIRCULAR AND PROSPECTUS DOCUMENTS

The Circular containing, among other things, (i) further details of the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Special Deal and the Whitewash Waiver; (ii) a letter of recommendations from the Independent Board Committee in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Special Deal and the Whitewash Waiver; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in regards of the above; (iv) other information required under the Listing Rules and the Takeovers Code; and (v) a notice convening the SGM, should be despatched to the Shareholders (including the Non-Qualifying Shareholders) within 15 Business Days from the date of this announcement pursuant to Rule 14A.68(11) of the Listing Rules and 21 days from the date of this announcement pursuant to Rule 8.2 of the Takeovers Code, whichever is earlier.

Subject to, among other things, the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Special Deal and the transactions contemplated thereunder and the Whitewash Waiver having been approved by the Independent Shareholders at the SGM, the Prospectus Documents or the Prospectus, whichever appropriate, will be despatched to the Qualifying Shareholders and, for information only, the Non-Qualifying Shareholders in due course. For the avoidance of doubt, the Non-Qualifying Shareholders are entitled to attend and vote at the SGM.

SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 16 March 2023 pending the publication of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 28 March 2023.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among other things, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-section headed “Termination of the Underwriting Agreement” under the section headed “The Underwriting Agreement” in this announcement). Accordingly, the Rights Issue may or may not proceed.

The Shares are expected to be dealt in on an ex-rights basis from Thursday, 11 May 2023. Dealings in the Rights Shares in nil-paid form are expected to take place from Wednesday, 24 May 2023 to Thursday, 1 June 2023. Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares and the nil-paid Right Shares.

PROPOSED RIGHTS ISSUE

The Board proposes the Rights Issue, details of which are summarised below:

Basis of the Rights Issue: Three (3) Rights Shares (in nil-paid form) for every two (2) Shares held at the close of business on the Record Date

Subscription Price: HK\$0.12 per Rights Share

Net price per Rights Share (the aggregate Subscription Price of the maximum number of Rights Shares to be issued less costs and expenses estimated to be incurred in the Rights Issue divided by the maximum number of Rights Shares to be issued):	Approximately HK\$0.115 per Rights Share
Number of Shares in issue as at the date of this announcement:	492,161,490 Shares
Number of Rights Shares to be issued:	738,242,235 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Aggregate nominal value of the Rights Shares:	HK\$73,824,223.50 (assuming no change in the number of Shares in issue on or before the Record Date)
Number of issued Shares upon completion of the Rights Issue (assuming that the Rights Issue is fully subscribed):	1,230,403,725 Shares (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)
Gross proceeds from the Rights Issue (before expenses):	Approximately HK\$88.6 million
Net proceeds from the Rights Issue:	Approximately HK\$84.59 million

There are no options, warrants, derivatives or other convertible securities granted by the Company which confer rights to subscribe for, convert or exchange into Shares that are subsisting as at the date of this announcement.

Assuming no change in the number of issued Shares on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the maximum of 738,242,235 Rights Shares proposed to be issued pursuant to the terms of the Rights Issue represent approximately (i) 150.0% of the existing issued share capital of the Company and (ii) 60% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

Subscription Price

The Subscription Price is HK\$0.12 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares or, where applicable, when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 16.67% to the closing price of HK\$0.144 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 16.67% to the average of the closing prices per Share as quoted on the Stock Exchange for the five previous consecutive trading days up to and including the Last Trading Day of HK\$0.144 per Share;
- (iii) a discount of approximately 17.24% to the average of the closing prices per Share as quoted on the Stock Exchange for the ten previous consecutive trading days up to and including the Last Trading Day of HK\$0.145 per Share;
- (iv) a discount of approximately 7.41% to the ex-rights price of approximately HK\$0.1296 per Share based on the closing price of HK\$0.144 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (v) a discount of approximately 22.38% to the net asset value of the Company of approximately HK\$0.1546 per Share calculated based on the unaudited consolidated net asset value of the Company of approximately HK\$76,078,000 as at 30 June 2022 and 492,161,490 Shares in issue.

The Rights Issue will result in a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 10.0% to the existing Shareholders if they elect not to participate in the Rights Issue, which is calculated based on the theoretical diluted price of approximately HK\$0.1296 per Share and the benchmarked price (as defined under Rule 7.27B of the Listing Rules) of HK\$0.144 per Share.

The net price per Rights Share (i.e. the aggregate Subscription Price of the maximum number of Rights Shares to be issued less costs and expenses estimated to be incurred in the Rights Issue divided by the maximum number of Rights Shares to be issued), assuming that the Rights Issue is fully subscribed, will be approximately HK\$0.115.

The Subscription Price was determined by the Company with reference to (i) the average closing price of the Shares quoted on the Stock Exchange of approximately HK\$0.156 for the three months up to and including the Last Trading Day; (ii) the highest and lowest closing price of the Shares quoted on the Stock Exchange of HK\$0.186 and HK\$0.144 respectively for the three months up to and including the Last Trading Day; and (iii) the persistent loss-making position of the Company.

The Directors consider that, despite any potential dilution impact of the Rights Issue on the shareholding interests of the Shareholders, the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole, after taking into account the following factors: (i) the Qualifying Shareholders are provided with an equal opportunity to subscribe for their assured entitlements under the Rights Issue for the purpose of maintaining their respective existing shareholding interests in the Company; and (ii) the Subscription Price represents a discount of approximately 16.67% and 23.08% to the closing price of the Shares on the Last Trading Day and the average of the closing prices of the Shares for the last three months up to and including the Last Trading Day respectively, and such discounts would encourage the Qualifying Shareholders to subscribe for their assured entitlements under the Rights Issue.

Qualifying Shareholders

The Rights Issue is available to the Qualifying Shareholders only. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company on the Record Date and not being a Non-Qualifying Shareholder.

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will consider the said nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company and are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date.

In order to be registered as members of the Company on the Record Date, all transfers of Shares (together with the relevant share certificate(s)) must be lodged with the Registrar, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong by not later than 4:30 p.m. on Friday, 12 May 2023. It is expected that the last day of dealing in the Shares on a cum-rights basis is Wednesday, 10 May 2023 and the Shares will be dealt with on an ex-rights basis from Thursday, 11 May 2023.

The Company will despatch the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date.

Application for all or any part of a Qualifying Shareholder's entitlement to the Rights Shares should be made by completing the PAL and lodging the same with a cheque drawn on an account with, or a bank cashier's order issued by, a licensed bank in Hong Kong for the Rights Shares being applied for with the Registrar, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong on or before the Latest Time for Acceptance.

The Qualifying Shareholders who take up their pro-rata entitlements in full will not experience any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). **If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.**

Non-Qualifying Shareholders

The Prospectus Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. As at 28 February 2023, there were a total of 15 Overseas Shareholders with addresses in Taiwan and the United States of America.

The Board will make enquiries regarding the legal restrictions under the laws of the relevant overseas jurisdiction(s) and the requirements of the relevant regulatory body(ies) or stock exchange(s) pursuant to Rule 13.36(2)(a) of the Listing Rules. If, after making such enquiries and based on legal opinions provided by the legal advisers to the Company, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to any Overseas Shareholders on account either of the legal restrictions under the laws of the relevant jurisdiction(s) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in the relevant place(s), no offer of the Rights Shares will be made to such Overseas Shareholders. Accordingly, the Rights Issue will not be extended to such Overseas Shareholders. The basis for excluding the Non-Qualifying Shareholders, if any, from the Rights Issue will be set out in the Prospectus.

The Company will send copies of the Overseas Letter and the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send the PAL to them. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained above.

The Non-Qualifying Shareholders (which are excluded from the Rights Issue) would not have any entitlement under the Rights Issue. Such Rights Shares will form part of the Unsubscribed Rights Shares and if possible, be placed by the Placing Agent to independent places under the Compensatory Arrangements.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in their nil-paid form, to be sold in the market as soon as practicable after dealings in the nil-paid Rights Shares commence, and in any event before the last day for dealings in nil-paid Rights Shares, if a premium (net of expenses) can be obtained. Proceeds from each sale, less expenses and stamp duty, of not less than HK\$100 will be paid pro-rata (rounded down to the nearest cent) to the relevant Non-Qualifying Shareholder(s) in Hong Kong dollars. The Company will retain individual amounts of less than HK\$100 for its own benefit to cover the administrative costs that it would have incurred.

Any unsold entitlements of the Non-Qualifying Shareholders will be placed by the Placing Agent under the Placing Agreement together with Rights Shares that are not being taken up by the Qualifying Shareholders.

For the nil-paid Rights Shares that were sold in the market by the Company and the buyer of such nil-paid Rights Shares who will not take up the entitlement, such Unsubscribed Rights Shares will be subject to the Compensatory Arrangements under the Placing Agreement.

For details of the Compensatory Arrangements, please refer to the section headed “No excess application and procedures in respect of the Unsubscribed Rights Shares” in this announcement.

The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Non-Qualifying Shareholders should exercise caution when dealing in the Shares.

Basis of provisional allotments

The basis of the provisional allotments shall be three (3) Rights Shares (in nil-paid form) for every two (2) Shares held by the Qualifying Shareholders as at the close of business on the Record Date.

Irrevocable Undertaking

First Steamship and parties acting in concert with it are interested in an aggregate of 142,628,902 Shares (representing approximately 28.98% of the entire issued share capital of the Company as at the date of this announcement), of which 124,950,000 Shares (representing approximately 25.39% of the entire issued share capital of the Company as at the date of this announcement) are held by it and 17,678,902 Shares (representing approximately 3.59% of the entire issued share capital of the Company as at the date of this announcement) are held by Grand Citi, a 58.62% indirectly owned subsidiary of First Steamship.

Pursuant to the Irrevocable Undertaking, First Steamship has undertaken to the Company that (i) it will subscribe for and/or procure subscriptions for 213,943,353 Rights Shares which comprise the full acceptance of the provisional entitlement in respect of the aggregate of 142,628,902 Shares beneficially held by First Steamship and Grand Citi; (ii) it will not and will procure Grand Citi not to dispose of, or agree to dispose of, any of the 124,950,000 Shares and 17,678,902 Shares currently owned by it and Grand Citi, respectively, and such Shares will remain beneficially owned by it and Grand Citi, respectively, up to and including the Record Date; (iii) it will, and will procure Grand Citi to accept, its (as applicable) entitlements under the Rights Issue for an aggregate of 213,943,353 Rights Shares; and (iv) it will and will procure Grand Citi lodge or procure the subscription of the 187,425,000 Rights Shares and 26,518,353 Rights Shares respectively, which will be the number of Rights Shares provisionally allotted (on nil-paid basis) to it and Grand Citi respectively, under the Rights Issue, with the Registrar.

Save for the Irrevocable Undertaking, as at the date of this announcement, the Company has not received any information or irrevocable undertaking from any other Shareholders of their intention to take up the Rights Shares to be provisionally allotted and issued to them under the Rights Issue.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be issued and allotted pursuant to the Rights Issue. Other than on the Stock Exchange, no part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares (in both their nil-paid and fully-paid forms) will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms with their board lot size being the same (i.e. 10,000) as their underlying Shares on the Stock Exchange, or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

STATUS OF THE RIGHTS SHARES

The Rights Shares (when allotted, issued and fully paid) will rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Rights Shares. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid with a record date falling on or after the date of allotment and issue of the Rights Shares in their fully-paid form.

STAMP DUTY AND OTHER APPLICABLE FEES AND CHARGES

Dealings in the Rights Shares (in both nil-paid and fully-paid forms) will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy and other applicable fees and charges in Hong Kong.

SHARE CERTIFICATES FOR THE RIGHTS SHARES AND REFUND CHEQUES

Subject to the fulfilment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be sent by ordinary post on Wednesday, 21 June 2023 to those persons who have validly accepted and, where applicable, applied for, and paid for the Rights Shares, at their own risk, to their registered addresses. Each allottee will receive one share certificate for all allotted Rights Shares.

If the Rights Issue does not proceed, the monies received by the Company in respect of the subscription for the Rights Shares will be refunded to the Qualifying Shareholders or such other person to whom the nil-paid rights have been validly renounced or transferred or, in the case of joint acceptances, to the first-named person, without interest and by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other person to their registered addresses by the Registrar on Wednesday, 21 June 2023.

FRACTIONAL ENTITLEMENT TO THE RIGHTS SHARES

No fractional entitlements to the Rights Shares shall be issued to the Shareholders and no entitlements of the Non-Qualifying Shareholders to the Rights Shares shall be issued to the Non-Qualifying Shareholders. All fractions of the Rights Shares shall be rounded down to the nearest whole number of Rights Shares and aggregated and, if a premium (net of expenses) can be achieved, sold in the market by the Company for its own benefit.

NO EXCESS APPLICATION AND PROCEDURES IN RESPECT OF THE UNSUBSCRIBED RIGHTS SHARES

There will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 7.21(1)(a) of the Listing Rules. The Underwriter is a substantial shareholder of the Company interested in 142,628,902 Shares, representing approximately 28.98% of the entire issued share capital of the Company as at the date of this announcement. Pursuant to Rule 7.21(2) of the Listing Rules, the Company will make arrangements to dispose of the Unsubscribed Rights Shares by offering the Unsubscribed Rights Shares to independent places for the benefit of the relevant No Action Shareholders to whom they were offered under the Rights Issue. As the Compensatory Arrangements are in place, there will be no excess application arrangements in relation to the Rights Issue.

The Company appointed the Placing Agent to place the Unsubscribed Rights Shares after the Latest Time for Acceptance to the Places on a best effort basis, and any premium over the aggregate amount of (i) the Subscription Price for those Rights Shares; and (ii) the expenses of the Placing Agent (including any other related costs and expenses), that is realised from the Placing (the “**Net Gain**”) will be paid to those No Action Shareholders in the manner set out below. The Placing Agent will, on a best effort basis, procure, by not later than 4:00 p.m. on Wednesday, 14 June 2023, the Places for all (or as many as possible) of those Unsubscribed Rights Shares at a price not less than the Subscription Price. Any unsold Unsubscribed Rights Shares under the Compensatory Arrangements will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

Net Gain (if any but rounded down to the nearest cent) will be paid on a pro-rata basis to the No Action Shareholders as set out below:

- (i) where the nil-paid rights are, at the time they lapse, represented by a PAL, to the person whose name and address appeared on the PAL; and
- (ii) where the nil-paid rights are, at the time they lapse, registered in the name of HKSCC Nominees Limited, to the beneficial holders (via their respective CCASS participants) as the holder of those nil-paid rights in CCASS.

It is proposed that if the Net Gain to any of the No Action Shareholder(s) mentioned above (i) is more than HK\$100, the entire amount will be paid to them; or (ii) is HK\$100 or less, such amount will be retained by the Company for its own benefit.

Placing Agreement for the Unsubscribed Rights Shares

Details of the Placing Agreement are summarised as follows:

Date:	15 March 2023 (after trading hours of the Stock Exchange), as supplemented on 27 March 2023
Issuer:	The Company
Placing agent:	Morton Securities Limited, an Independent Third Party
Placing period:	The period commencing from the third Business Day after the Latest Time for Acceptance and ending on the six Business Day after the Latest Time for Acceptance.
Commission and expenses:	Subject to completion of the Placing, the Company shall pay to the Placing Agent a placing commission in Hong Kong dollars, of 2% of the amount which is equal to the placing price multiplied by the number of Unsubscribed Rights Shares that have been successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement.
Placing price of the Unsubscribed Rights Shares:	The placing price of the Unsubscribed Rights Shares shall be not less than the Subscription Price and the final price determination will depend on the demand for and the market conditions of the Unsubscribed Rights Shares during the process of placement.
Placees:	The Unsubscribed Rights Shares shall only be offered by the Placing Agent to Placee(s) who and whose ultimate beneficial owner(s) are Independent Third Party(ies) and not acting in concert with First Steamship and its concert parties (including Grand Citi) and/or any of the Company's connected persons.
Ranking of the Unsubscribed Rights Shares:	The Unsubscribed Rights Shares (when placed, allotted, issued and fully paid) shall rank <i>pari passu</i> in all respects among themselves and with the Shares then in issue.

Conditions of the Placing Agreement

The obligations of the Placing Agent under the Placing Agreement are conditional upon, among others, the following conditions being fulfilled or waived:

- (i) the passing by the Independent Shareholders at the SGM of (1) ordinary resolutions to approve the Underwriting Agreement, the Placing Agreement, the Rights Issue, the Special Deal and the transactions contemplated thereunder; and (2) a special resolution to approve the Whitewash Waiver (at least 75% of the Independent Shareholders at the SGM by way of poll) in accordance with the Listing Rules and the Takeovers Code respectively;
- (ii) the Listing Committee of the Stock Exchange having granted or having agreed to grant the listing of, and permission to deal in, the Rights Shares;
- (iii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained;
- (iv) the Placing Agreement not having been terminated in accordance with the provisions thereof, including provisions regarding the force majeure events; and
- (v) the posting of copies of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus (stamped “**For Information Only**”) to the Non-Qualifying Shareholders for information purpose only.

As at the date of this announcement, save for the approvals set out in conditions (i) and (ii) above, the granting of the Whitewash Waiver, the granting of the Executive’s consent to the Special Deal and the authorisation and registration of the Prospectus Documents, the Company is not aware of other consents or approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder.

In the event that the above condition precedents have not been fulfilled on or before 30 June 2023 (or such later date as may be agreed between the Company and the Placing Agent in writing), all rights, obligations and liabilities of the parties under the Placing Agreement in relation to the placing shall cease and determine, and none of the Company or the Placing Agent shall have any claim against the other in respect of the placing (save for any antecedent breaches thereof).

First Steamship is interested in approximately 29.11% of the issued shares of Da Yu Financial Holdings Limited, the shares of which are listed on the Stock Exchange (stock code: 1073), which in turn wholly owns the Placing Agent and Yu Ming. As at the date of this announcement, the Placing Agent and its associates do not hold any Shares. The terms of the Placing Agreement, including the placing commission, were determined after arm's length negotiation between the Placing Agent and the Company with reference to the prevailing market rate and the Company considers the Placing Agreement to be on normal commercial terms.

The Company considers that the Placing Agreement will provide a compensatory mechanism for the No Action Shareholders, protect the interest of the Shareholders, and is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

THE UNDERWRITING AGREEMENT

The Rights Shares (other than those agreed to be taken up by First Steamship and Grand Citi pursuant to the Irrevocable Undertaking) will be fully underwritten by First Steamship in accordance with the terms of the Underwriting Agreement. The principal terms and conditions of the Underwriting Agreement are set out below:

Date:	15 March 2023 (after trading hours of the Stock Exchange), as supplemented on 27 March 2023
Underwriter:	First Steamship, a substantial shareholder of the Company as at the date of this announcement. It is not in the ordinary course of business of First Steamship to underwrite securities.
Number of Rights Shares to be underwritten by the Underwriter:	524,298,882 Rights Shares (assuming no new Shares will be issued or repurchased on or before the Record Date)
Underwriting Commission:	1% of the aggregate subscription amount in respect of the maximum number of 524,298,882 Rights Shares committed to be underwritten, subscribed for or procured subscription for by the Underwriter.

Subject to the fulfilment of the conditions contained in the Underwriting Agreement and provided that the Underwriting Agreement is not terminated prior to the Latest Time for Termination in accordance with the terms of the Underwriting Agreement, First Steamship has agreed to subscribe for the Untaken Rights Shares (being any Unsubscribed Rights Shares that are not placed by the Placing Agent under the Placing Agreement).

The terms of the Underwriting Agreement were determined after arm's length negotiations between the Company and First Steamship with reference to the financial position of the Group, the size of the Rights Issue, the current market conditions, taking into consideration the prevailing market practices and terms for rights issue exercises undertaken by Hong Kong listed issuers in the past six months. The Directors (excluding members of the Independent Board Committee whose opinion will be set forth in the Circular after reviewing and considering the advice from the Independent Financial Adviser) are of the view that the terms of the Underwriting Agreement are fair and reasonable, and the transactions contemplated under the Underwriting Agreement are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Conditions of the Rights Issue

The obligations of the Underwriter under the Underwriting Agreement are conditional on the fulfilment of the following conditions:

- (i) the passing by the Independent Shareholders at the SGM of (1) ordinary resolutions to approve the Underwriting Agreement, the Placing Agreement, the Rights Issue, the Special Deal and the transactions contemplated thereunder; and (2) a special resolution to approve the Whitewash Waiver (at least 75% of the Independent Shareholders at the SGM by way of poll) in accordance with the Listing Rules and the Takeovers Code respectively;
- (ii) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents duly signed by the Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Prospectus Posting Date;
- (iii) the posting of the Prospectus Documents to the Qualifying Shareholders by the Prospectus Posting Date and the posting of the Prospectus and a letter to the Non-Qualifying Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;

- (iv) the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Rights Shares (in their nil-paid and fully-paid forms) by no later than the Business Day prior to the first day of their dealings;
- (v) compliance with the requirements under the applicable laws and regulations of Hong Kong and Bermuda;
- (vi) the Executive granting the Whitewash Waiver to the Underwriter and the satisfaction of all conditions (if any) attached to the Whitewash Waiver granted;
- (vii) the obligations of the Underwriter becoming unconditional and that the Underwriting Agreement is not terminated in accordance with its terms;
- (viii) the compliance with and performance of all the undertakings and obligations of the Underwriter under the Irrevocable Undertaking;
- (ix) all necessary consents and approvals to be obtained on the part of each of the Underwriter and the Company in respect of the Underwriting Agreement and the transactions contemplated thereunder having been obtained. ; and
- (x) the Executive granting consent under Rule 25 of the Takeovers Code in respect of Special Deal.

The above conditions precedent are incapable of being waived. If any of the conditions precedent are not satisfied by the Latest Time for Termination, the Underwriting Agreement shall terminate and no party will have any claim against any other party (save for any antecedent breaches and claims thereof).

As at the date of this announcement, save for the approvals set out in conditions (i), (iv), (vi) and (x) above, authorisation and registration of the Prospectus Documents, and the approval of the Underwriting Agreement by the board of directors of the Underwriter, the Company is not aware of other consents or approvals to be obtained on the part of each of the Underwriter and the Company in respect of the Underwriting Agreement and the transactions contemplated thereunder.

As at the date of this announcement, the Company does not believe that the Rights Issue, the Underwriting Agreement, the Placing Agreement, the Special Deal and the transactions contemplated thereunder and the Whitewash Waiver would give rise to any concerns in relation to compliance with other applicable laws or regulations (including the Listing Rules). If a concern should arise after the release of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the Circular. The Company notes that the Executive may not grant the Whitewash Waiver and the Special Deal if the Rights Issue, the Underwriting Agreement, the Placing Agreement, the Special Deal and the transactions contemplated thereunder and the Whitewash Waiver do not comply with other applicable laws and regulations.

Termination of the Underwriting Agreement

The Underwriter shall be entitled by a notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement if, prior to the Latest Time for Termination:

1. in the reasonable opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
 - (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
 - (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date thereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or

2. any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
3. there is any change in the circumstances of the Company or any member of the Group which in the reasonable opinion of the Underwriter will materially and adversely affect the prospects of the Group, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or the destruction of any material asset of the Group; or
4. any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which in the reasonable opinion of the Underwriter will materially and adversely affect the success of the Rights Issue and/or the prospects of the Group taken as a whole; or
5. any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
6. any matter which, had it arisen or been discovered immediately before the date of the Prospectus Documents and not having been disclosed in the Prospectus Documents, would have constituted, in the reasonable opinion of the Underwriter, an omission which is material in the context of the Rights Issue; or
7. any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive Business Days, excluding any suspension in connection with the clearance of this announcement or the Prospectus Documents or other announcements in connection with the Rights Issue.

If prior to the Latest Time for Termination any such notice as is referred to above is given by the Underwriter, all obligations of the Underwriter under the Underwriting Agreement shall cease and determine.

If the Underwriter terminates the Underwriting Agreement, the Rights Issue will not proceed. A further announcement will be made by the Company if the Underwriting Agreement is terminated by the Underwriter.

EFFECTS ON THE SHAREHOLDING STRUCTURE

The table below sets out the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Rights Issue (assuming full acceptance of the Rights Shares by all Qualifying Shareholders); (iii) immediately after completion of the Rights Issue (assuming no acceptance of the Rights Shares by the Qualifying Shareholders (other than First Steamship and Grand Citi pursuant to the Irrevocable Undertaking) and 100% of the Unsubscribed Rights Shares are fully placed to the Placees under the Compensatory Arrangements); and (iv) immediately after completion of the Rights Issue (assuming no acceptance of the Rights Shares by the Qualifying Shareholders (other than First Steamship and Grand Citi pursuant to the Irrevocable Undertaking) and 100% of the Untaken Rights Shares are taken up by the Underwriter):

	As at the date of this announcement		Immediately after completion of the Rights Issue (assuming full acceptance of the Rights Shares by all Qualifying Shareholders)		Immediately after completion of the Rights Issue (assuming no acceptance of the Rights Shares by the Qualifying Shareholders (other than First Steamship and Grand Citi pursuant to the Irrevocable Undertaking) and all of the Unsubscribed Rights Shares are fully placed to the Placees under the Compensatory Arrangements)		Immediately after completion of the Rights Issue (assuming no acceptance of the Rights Shares by the Qualifying Shareholders (other than First Steamship and Grand Citi pursuant to the Irrevocable Undertaking) and all of the Untaken Rights Shares are taken up by the Underwriter) (Note 3)	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
First Steamship	124,950,000	25.39%	312,375,000	25.39%	312,375,000	25.39%	836,673,882	68.00%
Grand Citi	17,678,902	3.59%	44,197,255	3.59%	44,197,255	3.59%	44,197,255	3.59%
First Steamship and parties acting in concert with it	142,628,902	28.98%	356,572,255	28.98%	356,572,255	28.98%	880,871,137	71.59%
Metroasset Investments Limited (Note 1)	70,718,859	14.37%	176,797,147	14.37%	70,718,859	5.75%	70,718,859	5.75%
Legacy Trust Company Limited (Note 2)	76,520,000	15.55%	191,300,000	15.55%	76,520,000	6.22%	76,520,000	6.22%
Placees	-	-	-	-	524,298,882	42.61%	-	-
The Lender and its associates (Note 4)	24,000,000	4.88%	60,000,000	4.88%	24,000,000	1.95%	24,000,000	1.95%
Other public Shareholders	178,293,729	36.22%	445,734,322	36.22%	178,293,729	14.49%	178,293,729	14.49%
Public Shareholders	202,293,729	41.10%	505,734,322	41.10%	803,112,611	65.27%	278,813,729	22.66%
Total	492,161,490	100.00%	1,230,403,725	100.00%	1,230,403,725	100.00%	1,230,403,725	100.00%

Notes:

1. These Shares are held by Metroasset Investments Limited, 45.09%, 43.38% and 10.53% of the issued share capital of which are beneficially owned by Mr. Hung (an executive Director), Ms. Chen Mei Huei (spouse of Mr. Hung) and Mr. Hung Chih Chun (son of Mr. Hung) respectively.
2. These Shares are held by Legacy Trust Company Limited, which is wholly owned by Mr. Vincent Chok, an Independent Third Party (save for his capacity of being a substantial shareholding of the Company) and not acting in concert with First Steamship.
3. This scenario is for illustration purpose only. Assuming no Rights Shares are taken up by the Qualifying Shareholders (other than those to be taken up by First Steamship and Grand Citi pursuant to the Irrevocable Undertaking) and no Unsubscribed Rights Shares are successfully placed under the Compensatory Arrangements, immediately upon completion of the Rights Issue, 278,813,729 Shares, representing approximately 22.66% of the total number of issued Shares as enlarged by the Rights Issue, will be held by the public (as defined in the Listing Rules). To ensure the compliance of Rule 8.08(1)(a) of the Listing Rules by the Company, the Underwriter will enter into a placing agreement with Yu Ming (as placing agent), pursuant to which Yu Ming shall assist the Underwriter in placing down such number of Shares to the Independent Third Parties such that sufficient public float could be maintained by the Company in compliance with Rule 8.08(1)(a) of the Listing Rules. The Underwriter and Yu Ming will enter into the placing agreement before the Prospectus Posting Date.
4. These Shares are held by Universal Way Limited, an indirectly wholly-owned subsidiary of Allied Group Limited (the shares of which are listed on the Mainboard of the Stock Exchange (stock code: 373)) which in turn wholly owns the Lender.
5. Certain figures and percentage included in the above table have been subject to rounding adjustments.

EXPECTED TIMETABLE

The expected timetable for the Rights Issue is set out below and is subject to change. Any such change will be announced by the Company as and when appropriate.

Event	Date (Hong Kong time)
	2023
Despatch of the Circular together with notice of SGM and proxy form for SGM	Monday, 17 April
Latest time for lodging transfer documents of the Shares to qualify for attendance and voting at the SGM	4:30 p.m. on Tuesday, 2 May

Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the SGM (both dates inclusive)	Wednesday, 3 May to Tuesday, 9 May
Latest time for lodging proxy forms for the SGM	11:00 a.m. on Sunday, 7 May
Record date for attendance and voting at the SGM	Tuesday, 9 May
Expected date and time of the SGM	11:00 a.m. on Tuesday, 9 May
Announcement of the poll results of the SGM	Tuesday, 9 May
Register of members re-opens	Wednesday, 10 May
Last day of dealings in the Shares on a cum-entitlement basis relating to the Rights Issue	Wednesday, 10 May
First day of dealings in Shares on an ex-entitlement basis relating to the Rights Issue	Thursday, 11 May
Latest time for the Shareholders to lodge transfer documents of Shares in order to be qualified for the Rights Issue	4:30 p.m. on Friday, 12 May
Closure of register of members to determine the eligibility of the Rights Issue (both dates inclusive)	Monday, 15 May to Friday, 19 May
Record date for the Rights Issue	Friday, 19 May
Register of members re-opens	Monday, 22 May
Despatch of the Prospectus Documents (including the PAL and the Prospectus) (in case of the Non-Qualifying Shareholders, the Prospectus only)	Monday, 22 May
First day of dealings in nil-paid Rights Share	Wednesday, 24 May
Latest time for splitting the PAL	4:30 p.m. on Monday, 29 May

Last day of dealing in nil-paid Rights Shares	Thursday, 1 June
Latest time for lodging transfer documents of nil-paid Rights Shares in order to qualify for the Compensatory Arrangements	4:00 p.m. on Tuesday, 6 June
Latest time for acceptance of and payment for the Rights Shares	4:00 p.m. on Tuesday, 6 June
Announcement of the number of Unsubscribed Rights Shares	Thursday, 8 June
Commencement of placing of Unsubscribed Rights Shares by the Placing Agent	Friday, 9 June
Latest time of placing of the Unsubscribed Rights Shares by the Placing Agent	4:00 p.m. on Wednesday, 14 June
Latest time for terminating the Underwriting Agreement and for the Rights Issue to become unconditional	4:00 p.m. on Wednesday, 14 June
Announcement of results of the Rights Issue (including results of the placing of Unsubscribed Rights Shares and the amount of the Net Gain per Unsubscribed Rights Share under the Compensatory Arrangements)	Tuesday, 20 June
Despatch of share certificates for fully-paid Rights Shares	Wednesday, 21 June
Refund cheques, if any, to be despatched (if the Rights Issue is terminated)	Wednesday, 21 June
Commencement of dealings in fully-paid Rights Shares	9:00 a.m. on Friday, 23 June
Payment of the Net Gain to relevant No Action Shareholders (if any) or Non-Qualifying Shareholders (if any)	Tuesday, 4 July

This timetable is indicative only and may be extended or varied. Any change to the expected timetable above will be announced by the Company as and when appropriate.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The latest time for acceptance of and payment for Rights Shares will not take place if a tropical cyclone warning signal no. 8 or above, or “extreme conditions” caused by super typhoons, or a black rainstorm warning is:

- (a) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Acceptance Date. Instead the deadline for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; and
- (b) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Acceptance Date. Instead the deadline for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares does not take place on the Latest Acceptance Date, the dates mentioned in the section headed “Expected Timetable” in this announcement may be affected. The Company will notify the Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 3 May 2023 to Tuesday, 9 May 2023 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the SGM and from Monday, 15 May 2023 to Friday, 19 May 2023 (both days inclusive) for determining the entitlement to the Rights Shares. No transfer of Shares will be registered during the above book closure periods.

REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS

The Group is principally engaged in (i) trading and manufacturing of media entertainment platform related products; (ii) trading and manufacturing of components of audio and video electronic products; and (iii) trading and manufacturing of satellite TV equipment and antenna products.

As disclosed in the interim report of the Company for the six months ended 30 June 2022, as at 30 June 2022, the bank and other borrowing of the Group amounts to approximately HK\$388.29 million (“Outstanding Loans”), out of which approximately HK\$371.56 million falls under current liabilities, and the Group has net current liabilities of approximately HK\$209.53 million. The interest rates on the Outstanding Loans ranged between 1.0% and 10% per annum. For the year ended 31 December 2021, the Group incurred finance costs of approximately HK\$28.14 million.

Amongst the Outstanding Loans, the Loan will mature on 20 April 2023 and interest payment of the Loan has been overdue to the Lender since August 2022. The Loan was granted to the Company by the Lender pursuant to the Loan Agreement. For obtaining the Loan, the Company has (i) created a first fixed and floating charge over the entire Company's undertaking, property and assets as securities to the Lender; and (ii) pledged all the shares owned by the Company in Pro Brand Technology Inc. (a 59.1%-owned subsidiary of the Company) to the Lender. As at the date of this announcement, the Lender is wholly-owned by Allied Group Limited, the shares of which are listed on the Mainboard of the Stock Exchange (stock code: 373). The Lender and its associates are interested in 24,000,000 Shares, representing approximately 4.88% of the issued share capital of the Company. The Company has requested the Lender for extending the Loan for a term of two years, but was declined by the Lender unless the Company pays up the interest in arrears and makes partial repayment of the principal. In view of the financial position of the Group, the Company has imminent needs to raise fund for repaying the Loan.

The Company intends to apply the net proceeds of approximately HK\$84.59 million from the Rights Issue (assuming no further issue of new Shares or repurchase of Shares on or before the Record Date and full subscription under the Rights Issue) as follows:

- (i) approximately HK\$73.61 million for repayment of part of the Loan (including principal amount of approximately HK\$58.88 million and accrued interest of approximately HK\$14.73 million, “**Repayment Proposal**”). It is estimated that the finance costs of the Group will be reduced by approximately HK\$5.89 million per annum after repayment of such principal amount of the Loan and the financial results of the Group are expected to improve as a result. The Company has presented the Repayment Proposal to the Lender and the Lender has agreed to extend the remainder of the Loan for a term of two years conditional on the fulfilment of the repayment under the Repayment Proposal.

(ii) approximately HK\$10.98 million for the general working capital of the Group.

The Company has considered alternative fundraising methods which include debt financing or placing of new Shares. For debt financing, in light of the loss-making position of the Group for the year ended 31 December 2021 and for the six months ended 30 June 2022 and the relatively high gearing ratio of the Group, it is difficult for the Group to obtain loans with favourable interest rate. For placing of new Shares, it would dilute the shareholding of the existing Shareholders while the Rights Issue will allow the Qualifying Shareholders to maintain their respective shareholdings in the Company on a pro rata basis.

In view of the above and the reasons described in the sub-section headed “Subscription Price” under the section headed “Proposed Rights Issue”, the Directors consider that the Rights Issue is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE UNDERWRITER

First Steamship is a company listed on the Taiwan Stock Exchange Corporation (“TWSE”) (TWSE stock code: 2601). First Steamship’s principal business activities include dry bulk carrier shipping, professional vessel management and crewing services and operation of department store. As at the date of this announcement, Henghua Investment Co., Ltd., is the single largest shareholder of First Steamship, holding approximately 6.83% of the issued shares of First Steamship.

As at the date of this announcement, First Steamship and parties acting in concert with it (including Grand Citi) are interested in an aggregate of 142,628,902 Shares, representing approximately 28.98% of the issued share capital of the Company. In the event that First Steamship becomes the controlling shareholder of the Company as a result of taking up of the Unsubscribed Rights Shares under the Underwriting Agreement, it is the intention of First Steamship to continue the existing businesses of the Group. First Steamship has no intention to introduce any major changes to the businesses of the Group (including any redeployment of the fixed assets of the Group) or terminate the continued employment of the employees of the Group.

FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

The Company has not conducted any fundraising activity involving issue of equity securities in the past twelve months immediately preceding the date of this announcement.

LISTING RULES IMPLICATIONS

The Rights Issue, upon completion, will increase the issued share capital of the Company by more than 50%. In accordance with Rule 7.19A and Rule 7.27A of the Listing Rules, the Rights Issue is conditional on approval by the Independent Shareholders (comprising both the Qualifying Shareholders and the Non-Qualifying Shareholders) at the SGM at which the controlling shareholders and their associates or, where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) relating to the Rights Issue at the SGM. As such, the Directors (excluding independent non-executive Directors) and their associates shall abstain from voting in favour of the resolution(s) to approve the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder at the SGM. As at the date of this announcement, save for Mr. Hung (an executive Director) who is interested in 70,718,859 Shares, representing approximately 14.37% of the issued share capital of the Company, through Metroasset Investments Limited, a company beneficially owned as to 45.09%, 43.38% and 10.53% by Mr. Hung, Ms. Chen Mei Huei (spouse of Mr. Hung) and Mr. Hung Chih Chun (son of Mr. Hung) respectively, none of the Directors or their associates hold any Shares.

The Underwriter is a substantial shareholder of the Company and therefore a connected person of the Company. Accordingly, the transaction contemplated under the Underwriting Agreement constitutes a connected transaction for the Company under the Listing Rules and the Underwriting Agreement is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Underwriter and its associates shall abstain from voting in favour of the resolution(s) in relation to the Underwriting Agreement and the transactions contemplated thereunder at the SGM.

Mr. Kuo, a non-executive Director, is a director and chairman of First Steamship and a director of the Placing Agent, and as such, may have conflict of interests in respect of the Rights Issue, the Underwriting Agreement, the Placing Agreement, the Special Deal and the transactions contemplated thereunder and/or the Whitewash Waiver. He has abstained from voting at the meeting of the Board convened to consider such matters. As at the date of this announcement, Mr. Kuo does not hold any Shares.

TAKEOVERS CODE IMPLICATIONS AND APPLICATION FOR WHITEWASH WAIVER AND SPECIAL DEAL

As at the date of this announcement, First Steamship and parties acting in concert with it (including Grand Citi) are interested in an aggregate of 142,628,902 Shares, representing approximately 28.98% of the issued share capital of the Company. First Steamship has provided the Irrevocable Undertaking to take up and pay for, and procure the taking up and payment by Grand Citi, an aggregate of 213,943,353 Rights Shares to be provisionally allotted to them respectively under the Rights Issue. Assuming no Rights Shares are taken up by the Qualifying Shareholders (other than those to be taken up by First Steamship and Grand Citi pursuant to the Irrevocable Undertaking) and no Unsubscribed Rights Shares are successfully placed under the Compensatory Arrangements, First Steamship, as the Underwriter, will be required to take up a maximum of 524,298,882 Rights Shares.

In such circumstances and upon completion of the Rights Issue, assuming that there is no change in the issued share capital of the Company other than the allotment and issue of the Rights Shares, First Steamship and parties acting in concert with it (including Grand Citi) will, in aggregate, be interested in 880,871,137 Shares, representing approximately 71.59% of the issued share capital of the Company. Accordingly, First Steamship would be required to make a mandatory general offer under Rule 26 of the Takeovers Code for all the Shares not already owned or agreed to be acquired by it and parties acting in concert with it (including Grand Citi), unless the Whitewash Waiver is granted.

An application will be made by First Steamship to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, (i) the approval by at least 75% of the independent votes that are casted by the Independent Shareholders at the SGM by way of poll in respect of the Whitewash Waiver; and (ii) the approval by more than 50% of the Independent Shareholders at the SGM by way of poll in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Special Deal and the transactions contemplated thereunder. First Steamship, its associates and parties acting in concert with it (including Grand Citi), Mr. Hung and his associates, the Lender and its associates and any Shareholders who are involved in, or interested in (other than by being a Shareholder), or have a material interest in the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Special Deal and the transactions contemplated thereunder, and/or the Whitewash Waiver shall abstain from voting on the relevant resolution(s) at the SGM.

As of the date of this announcement, the Lender and its associates are interested in 24,000,000 Shares (representing approximately 4.88% of the issued share capital of the Company) and the Company is indebted to the Lender the Loan (including principal of approximately HK\$196.21 million and accrued interest of approximately HK\$14.73 million). Under the Takeovers Code, the use of the proceeds from the Rights Issue to repay the Loan under the Repayment Proposal would constitute a favourable condition not extended to all Shareholders and therefore a special deal under Rule 25 of the Takeovers Code and requires the consent of the Executive. The Executive's consent, if granted, will be conditional upon (i) the Independent Financial Adviser to the Independent Board Committee publicly giving an opinion that the terms of the Special Deal are fair and reasonable; and (ii) the approval of the Independent Shareholders of the Special Deal at a shareholders' meeting by way of poll. The Company will seek the consent of the Executive to the Special Deal under Note 5 to Rule 25 of the Takeovers Code.

The Rights Issue is conditional on, among other things, the granting of the Whitewash Waiver by the Executive, the granting of the Executive's consent to the Special Deal and the approval by the Independent Shareholders at the SGM in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Special Deal and the transactions contemplated thereunder and the Whitewash Waiver as mentioned above. If the Whitewash Waiver or the Special Deal is not granted and/or approvals by the Independent Shareholders are not obtained, the Rights Issue will not proceed.

DEALINGS OF THE SHARES BY FIRST STEAMSHIP AND PARTIES ACTING IN CONCERT WITH IT

As at the date of this announcement, First Steamship and any parties acting in concert with it (including Grand Citi):

- (i) do not own, control or have control or direction over any voting rights and right over Shares, outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of securities in the Company, or hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company, save for the Shares as set out in the section headed "Effects on the Shareholding Structure" in this announcement;
- (ii) have not received any irrevocable commitment to vote for or against the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Special Deal and/or the Whitewash Waiver;
- (iii) have not borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;

- (iv) do not have any arrangements referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, which might be material to the Rights Issue and/or the Underwriting Agreement and/or the Whitewash Waiver and/or the Special Deal, with any other persons, save for the Underwriting Agreement and the Irrevocable Undertaking in respect of the interests in the Shares held by it;
- (v) do not have any agreement or arrangement to which it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Rights Issue and/or the Underwriting Agreement and/or the Whitewash Waiver and/or the Special Deal, except that the Rights Issue and the Underwriting Agreement are conditional upon, among other things, obtaining of the Whitewash Waiver and the Executive's consent to the Special Deal as set out in the sub-section headed "Conditions of the Rights Issue" under the section headed "The Underwriting Agreement" of this announcement;
- (vi) have not entered into any derivative in respect of the relevant securities in the Company which are outstanding; and
- (vii) have not dealt in any relevant securities of the Company in the six-month period preceding the date of this announcement, save for the intra-group transfer of 124,950,000 Shares on 29 November 2022 whereby First Mariner Holding Limited, a wholly-owned subsidiary of First Steamship, completed the transfer of 124,950,000 Shares to First Steamship pursuant to an internal group restructuring of its assets in 2022.

As at the date of this announcement,

- (i) apart from the underwriting commission payable by the Company to First Steamship pursuant to the terms of the Underwriting Agreement, the placing commission payable by the Company to the Placing Agent pursuant to the terms of the Placing Agreement and the financial advisory fee payable by the Company to Yu Ming in respect of the Rights Issue (the "**FA Engagement**"), the Company has not paid and will not pay any other consideration, compensation or benefit in whatever form to First Steamship and parties acting in concert with it (including Grand Citi) in connection with the Rights Issue;

- (ii) apart from the Underwriting Agreement and the Irrevocable Undertaking therein, the Placing Agreement and the FA Engagement, there is no other understanding, arrangement or special deal between the Group on the one hand, and First Steamship and parties acting in concert with it (including Grand Citi) on the other hand; and
- (iii) save for the Special Deal, there is no understanding, arrangement or agreement or special deal between (a) any Shareholder; and (b) First Steamship and parties acting in concert with it (including Grand Citi); or the Company, its subsidiaries or associated companies.

ANNOUNCEMENT CONTAINING UNAUDITED FINANCIAL INFORMATION

Reference is made to the announcement of the Company dated 15 March 2023 relating to the profit warning of the Company for the year ended 31 December 2022 (the “Profit Warning Announcement”). Upon the publication of this announcement in relation to the Rights Issue, the Underwriting Agreement, the Placing Agreement, the Special Deal and the Whitewash Waiver, the expected unaudited net loss of the Company for the year ended 31 December 2022 (the “Unaudited Net Loss”) contained in the Profit Warning Announcement now constitutes profit forecasts under Rule 10 of the Takeovers Code, and should be reported on by the Company’s financial adviser and auditors or accountants in accordance with Rule 10.4 of the Takeovers Code. In view of the requirements of timely disclosure of the Profit Warning Announcement under Rule 13.09(2) of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) of Part XIVA of the SFO, the Company has encountered genuine practical difficulties in meeting the requirements of Rule 10.4 of the Takeovers Code. Accordingly, the Profit Warning Announcement does not meet the standard required by Rule 10 of the Takeovers Code.

Under Rule 10.4 and Practice Note 2 of the Takeovers Code, if a profit forecast is made by the Company during an offer period and the forecast is published first in an announcement, it must be repeated in full, together with the reports from the Company’s financial adviser and auditors on the said profit forecast, in the next document to be sent to the shareholders (the “Shareholders’ Document”). However, as the audited annual results of the Group for the year ended 31 December 2022 are expected to be published prior to the despatch of the Shareholders’ Document, the requirements to report on the financial information in relation to the Profit Warning Announcement under Rule 10.4 of the Takeovers Code will no longer apply in the event that the audited annual results of the Group for the year ended 31 December 2022 are published which fall within the ambit of Rule 10.9 of the Takeovers Code before the despatch of Shareholders’ Document. Otherwise the Unaudited Net Loss contained in the Profit Warning Announcement will be reported on in accordance with Rule 10 of the Takeovers Code and the relevant reports will be included in the Shareholders’ Document.

Shareholders and potential investors of the Company should also note that the Profit Warning Announcement does not meet the standard required by Rule 10 of the Takeovers Code and has not been reported on in accordance with the Takeovers Code. Therefore, the information contained in the Profit Warning Announcement should not be relied upon as a forecast of any financial position of the Company. Shareholders and potential investors of the Company should therefore exercise caution in placing reliance on the Profit Warning Announcement in assessing the merits and demerits of the Rights Issue, the Underwriting Agreement, the Placing Agreement, the Special Deal, the Whitewash Waiver and/or when dealing in the securities of the Company.

SGM

The register of members of the Company will be closed from Wednesday, 3 May 2023 to Tuesday, 9 May 2023 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the SGM. For the avoidance of doubt, the Non-Qualifying Shareholders are entitled to attend and vote at the SGM.

The SGM will be held to consider and, if thought fit, pass the resolutions to approve, among other things, the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Special Deal and the Whitewash Waiver. Only the Independent Shareholders will be entitled to vote on the resolution(s) to approve the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Special Deal and the transactions contemplated thereunder and the Whitewash Waiver at the SGM.

In accordance with the Listing Rules and the Takeovers Code, First Steamship, its associates and any parties acting in concert with it (including Grand Citi), Mr. Hung and his associates, the Lender and its associates and Shareholders who are involved in, or interested in (other than by being a Shareholder), or have a material interest in the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Special Deal and/or the Whitewash Waiver will be required to abstain from voting on the resolution(s) to approve the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Special Deal and the transactions contemplated thereunder and the Whitewash Waiver at the SGM. Save as disclosed in this announcement, no other Shareholder is involved or interested in or has a material interest in the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Special Deal and the transactions contemplated thereunder and the Whitewash Waiver and, hence, is required to abstain from voting on the resolution(s) to approve the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Special Deal and the transactions contemplated thereunder and the Whitewash Waiver at the SGM.

THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising Mr. Wu Chia Ming, Ms. Chen Wei-Hui and Mr. Lu Ming-Shiuan, being all the independent non-executive Directors, has been established to advise the Independent Shareholders in respect of the Rights Issue, the Underwriting Agreement, the Special Deal and the transactions contemplated thereunder respectively, and the Whitewash Waiver, and as to the voting action therefor.

Pursuant to Rule 2.8 of the Takeovers Code, the Independent Board Committee should comprise all non-executive and independent non-executive Directors. Since Mr. Kuo, a non-executive Director, is the chairperson and a director of First Steamship, Mr. Kuo is not considered as independent for the purpose of giving advice or recommendations to the Independent Shareholders and will not be part of the Independent Board Committee.

With the approval of the Independent Board Committee, the Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in these regards.

DESPATCH OF CIRCULAR AND PROSPECTUS DOCUMENTS

The Circular containing, among other things, (i) further details of the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Special Deal and the Whitewash Waiver; (ii) a letter of recommendations from the Independent Board Committee in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Special Deal and the Whitewash Waiver; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in regards of the above; (iv) other information required under the Listing Rules and the Takeovers Code; and (v) a notice convening the SGM, should be despatched to the Shareholders (including the Non-Qualifying Shareholders) within 15 Business Days from the date of this announcement pursuant to Rule 14A.68(11) of the Listing Rules and 21 days from the date of this announcement pursuant to Rule 8.2 of the Takeovers Code, whichever is earlier.

Subject to, among other things, the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Special Deal and the transactions contemplated thereunder and the Whitewash Waiver having been approved by the Independent Shareholders at the SGM, the Prospectus Documents or the Prospectus, whichever appropriate, will be despatched to the Qualifying Shareholders and, for information only, the Non-Qualifying Shareholders in due course. For the avoidance of doubt, the Non-Qualifying Shareholders are entitled to attend and vote at the SGM.

SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on 16 March 2023 pending the publication of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 28 March 2023.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among other things, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-section headed “Termination of the Underwriting Agreement” under the section headed “The Underwriting Agreement” in this announcement). Accordingly, the Rights Issue may or may not proceed.

The Shares are expected to be dealt in on an ex-rights basis from Thursday, 11 May 2023. Dealings in the Rights Shares in nil-paid form are expected to take place from Wednesday, 24 May 2023 to Thursday, 1 June 2023. Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares and the nil-paid Right Shares.

DEFINITIONS

In this announcement, the following expressions have the meaning set out below unless the context requires otherwise:

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“associate(s)”	has the meaning ascribed to such term in the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (not being a Saturday, Sunday or public holiday in Hong Kong and a day on which typhoon signal no. 8 or a black rainstorm warning is hoisted at any time in Hong Kong) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours and the Stock Exchange is open for the transaction of business
“Bye-laws”	the bye-laws of the Company, as amended from time to time
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular”	the circular to be despatched by the Company to the Shareholders relating to, among other things, the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Special Deal and the Whitewash Waiver
“Companies Act”	the Companies Act 1981 of Bermuda
“Company”	Sandmartin International Holdings Limited, a company incorporated in Bermuda with limited liability, the issued ordinary shares of which are listed on the Main Board of the Stock Exchange (stock code: 482)
“Compensatory Arrangements”	placing of the Unsubscribed Rights Shares, if any, by the Placing Agent on a best effort basis pursuant to the Placing Agreement

“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of SFC or any delegate of the Executive Director
“First Steamship” or “Underwriter”	First Steamship Company Limited, the issued shares of which are listed on the Taiwan Stock Exchange and a substantial shareholder of the Company
“Grand Citi”	Grand Citi Limited, a 58.62% indirectly owned subsidiary of First Steamship
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising all the independent non-executive Directors, Mr. Wu Chia Ming, Ms. Chen Wei-Hui and Mr. Lu Ming-Shiuan, which has been established to give recommendation to the Independent Shareholders in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Special Deal and the Whitewash Waiver, and as to the voting action therefor
“Independent Financial Adviser”	Red Sun Capital Limited, a licensed corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, appointed by the Company with the approval of the Independent Board Committee for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Special Deal and the Whitewash Waiver and as to the voting action therefor

“Independent Shareholder(s)”	the Shareholders other than First Steamship, its associates and parties acting in concert with it (including Grand Citi), Mr. Hung and his associates, the Lender and its associates and any Shareholders who are involved in, or interested in (other than by being a Shareholder), or have a material interest in the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Special Deal and the transactions contemplated thereunder and/or the Whitewash Waiver
“Independent Third Party(ies)”	third party(ies) independent of the Company and any connected person(s) of the Company and not a connected person of the Company
“Irrevocable Undertaking”	the irrevocable undertaking given by First Steamship in favour of the Company under the Underwriting Agreement and described in the sub-section headed “The Irrevocable Undertaking” under the section headed “Proposed Rights Issue” in this announcement
“Last Trading Day”	15 March 2023, being the last trading day of the Shares before the release of this announcement
“Latest Acceptance Date”	Tuesday, 6 June 2023
“Latest Time for Acceptance”	4:00 p.m. on Tuesday, 6 June 2023, or such other date and/or time as may be agreed between the Company and the Underwriter, being the latest time for acceptance of, and the payment for, the Rights Shares under the Rights Issue
“Latest Time for Termination”	4:00 p.m. on Wednesday, 14 June 2023, or such other time or date as may be agreed between the Company and the Underwriter in writing, being the latest time to terminate the Underwriting Agreement
“Lender”	AP Finance Limited (a wholly-owned subsidiary of Allied Group Limited, the shares of which are listed on the Mainboard of the Stock Exchange (stock code: 373)), the lender of the Loan and a licensed money lender

“Listing Committee”	has the same meaning ascribed thereto under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan in the outstanding principal amount of approximately HK\$196.21 million with accrued interest of approximately HK\$14.73 million owing by the Company to the Lender up to the maturity of the loan on 20 April 2023
“Loan Agreement”	the loan agreement dated 19 September 2016 entered into between the Company and the Lender in respect of the Loan (which was supplemented by the supplemental agreements dated 8 November 2016, 18 January 2017, 10 February 2017, 17 March 2017, 31 March 2017, 16 August 2017, 28 August 2017, 18 September 2017, 9 February 2018, 5 September 2018, 18 February 2019, 20 April 2020 and 11 August 2021)
“Mr. Hung”	Mr. Hung Tsung Chin, an executive Director
“Mr. Kuo”	Mr. Kuo Jen Hao, a non-executive Director and chairman of the Company
“No Action Shareholder(s)”	Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or their renounces, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed, or Non-Qualifying Shareholders (as the case may be)
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) whom the Directors, after making enquiries regarding the legal restrictions under the laws of the relevant jurisdictions or the requirements of the relevant overseas regulatory bodies or stock exchanges, consider it necessary or expedient to exclude them from the Rights Issue

“NQS Rights Shares”	the Rights Share(s) which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form
“Overseas Letter”	a letter from the Company to the Non-Qualifying Shareholder(s) (if any) explaining the circumstances in which the Non-Qualifying Shareholder(s) (if any) is/are not permitted to participate in the Rights Issue
“Overseas Shareholder(s)”	the Shareholder(s) (whose names appear on the register of members of the Company at the close of business on the Record Date) with registered address(es) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Placee(s)”	professional, institutional or other investor(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies) and not acting in concert with First Steamship and parties acting in concert with it (including Grand Citi) and/or the connected persons of the Company, procured by the Placing Agent and/or its sub-placing agent(s) to subscribe for any of the Unsubscribed Rights Shares pursuant to the Placing Agreement
“Placing”	the placing of a maximum of 524,298,882 Unsubscribed Rights Shares on a best effort basis by the Placing Agent and/or its sub-placing agents(s) to the Placees on the terms and conditions of the Placing Agreement
“Placing Agent”	Morton Securities Limited, an organization licensed to carry out type 1 (dealing in securities) regulated activity under the SFO
“Placing Agreement”	the placing agreement dated 15 March 2023 (as supplemented by the supplemental agreement dated 27 March 2023), entered into between the Company and the Placing Agent in relation to the Compensatory Arrangements

“Placing Completion Date”	the third Business Day following the satisfaction of the placing conditions set out in the Placing Agreement or such other date as the Company and the Placing Agent may agree
“PRC”	the People’s Republic of China which, for the purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region and Taiwan
“Prospectus”	the prospectus to be issued to the Qualifying Shareholders (and the Non-Qualifying Shareholder(s) for information only) containing, among other things, details of the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL
“Prospectus Posting Date”	Monday, 22 May 2023 or such other date as may be agreed between the Company and the Underwriter, being the date on which the Prospectus Documents are posted to the Qualifying Shareholders
“Qualifying Shareholder(s)”	Shareholders, other than the Non-Qualifying Shareholders, whose names appear on the register of members of the Company at the close of business on the Record Date
“Record Date”	Friday, 19 May 2023, or on such other date as may be agreed between the Company and the Underwriter, being the date by reference to which the Shareholders’ entitlements to the Rights Issue are to be determined
“Registrar”	Boardroom Share Registrars (HK) Limited, the Hong Kong branch share registrar and transfer office of the Company
“Rights Issue”	the proposed issue by way of rights of three (3) Rights Shares for every two (2) Shares in issue on the Record Date at the Subscription Price pursuant to the Prospectus Documents
“Rights Shares”	738,242,235 new Shares proposed to be allotted and issued under the Rights Issue (assuming no change in the number of Shares in issue on or before the Record Date)

“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Special Deal and the transactions contemplated thereunder, and the Whitewash Waiver
“Shares”	ordinary share(s) with par value of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Special Deal”	the use of the proceeds from the Rights Issue for repayment of the Loan where an associate of the Lender is a Shareholder, which constitutes a special deal under Note 5 to Rule 25 of the Takeovers Code
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.12 per Rights Share
“substantial shareholder(s)”	has the meaning as ascribed thereto under the Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Underwriting Agreement”	the underwriting agreement dated 15 March 2023 (as supplemented by the supplemental agreement dated 27 March 2023) entered into between the Company and the Underwriter in relation to the Rights Issue
“Unsubscribed Rights Shares”	those Rights Shares that are not subscribed by the Qualifying Shareholders and the NQS Rights Shares that are not successfully sold by the Company as described in the sub-section headed “Non-Qualifying Shareholders” in this announcement

“Untaken Rights Shares”	all the Unsubscribed Rights Shares that are not placed by the Placing Agent or they have been placed but the placees have not paid therefor at 4:00 p.m. on the Placing Completion Date
“Whitewash Waiver”	a waiver to be granted by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code to waive the obligation of First Steamship to make a mandatory general offer to the Shareholders in respect of the Shares not already owned or agreed to be acquired by First Steamship and parties acting in concert with it (including Grand Citi) as a result of the taking up of the Rights Shares by First Steamship as the underwriter pursuant to the Underwriting Agreement
“Yu Ming”	Yu Ming Investment Management Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation under the SFO authorised to carry out regulated activities of type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management), being the financial adviser to the Company in respect of the Rights Issue
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
SANDMARTIN INTERNATIONAL HOLDINGS LIMITED
Kuo Jen Hao
Chairman

Hong Kong, 27 March 2023

As at the date of this announcement, the Board comprises Mr. Hung Tsung Chin and Mr. Chen Wei Chun as executive Directors, Mr. Kuo Jen Hao as non-executive Director and Mr. Wu Chia Ming, Ms. Chen Wei-Hui and Mr. Lu Ming-Shiuan as independent non-executive Directors. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than those relating to the Underwriter and parties acting in concert with it) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those relating to the Underwriter and parties acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

As at the date of this announcement, the board of directors of the Underwriter comprises Mr. Kuo Jen Hao, Mr. Ng Qing Hai, Mr. Yau Dennis Wai Tak, Mr. Chuang Chien-Wan, Mr. Chao Tseng-Ping, Mr. Lui Ping-Sum and Mr. Yang Jung-Tsung. The directors of the Underwriter jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than those relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those relating to the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.