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**WEALTHY PORT HOLDINGS LIMITED**  
*(Incorporated in Hong Kong with limited liability)*

  
**SUNWAY INTERNATIONAL HOLDINGS LIMITED**  
**新威國際控股有限公司\***  
*(Incorporated in Bermuda with limited liability)*  
(Stock code: 58)

## **JOINT ANNOUNCEMENT**

**(1) CONNECTED TRANSACTION:  
PROPOSED SHARE SUBSCRIPTION UNDER SPECIFIC MANDATE;  
(2) CONNECTED TRANSACTION:  
PROPOSED ISSUANCE OF CONVERTIBLE BONDS  
UNDER SPECIFIC MANDATE;  
(3) POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER BY  
KINGSTON SECURITIES LIMITED  
FOR AND ON BEHALF OF  
WEALTHY PORT HOLDINGS LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES  
AND ALL OUTSTANDING CONVERTIBLE NOTES OF SUNWAY  
INTERNATIONAL HOLDINGS LIMITED  
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE  
ACQUIRED BY THE OFFEROR AND PARTIES ACTING IN  
CONCERT WITH IT); AND  
(4) RESUMPTION OF TRADING IN SHARES**

**Financial adviser to the Offeror**



**Offer agent to the Offeror**



## **THE PROPOSED SHARES SUBSCRIPTION**

On 6 September 2024, the Company and the Subscriber entered into the Share Subscription Agreement pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue the Subscription Shares (i.e. a total of 35,920,000 Shares) at the Share Subscription Price of HK\$0.10 per Subscription Share.

The Subscription Shares to be allotted and issued under the Share Subscription represent (i) approximately 20% of the issued Shares of the Company ; (ii) approximately 16.67% of the issued Shares of the Company as enlarged by the allotment and issue of the Subscription Shares; and (iii) approximately 6.97% of the issued Shares of the Company as enlarged by the allotment and issue of the Subscription Shares and full conversion of the Convertible Bonds at the initial Conversion Price.

The aggregate gross and net proceeds of the Share Subscription will be approximately HK\$3.6 million and HK\$2.6 million respectively and are intended to be used as the Group's general working capital.

## **THE PROPOSED ISSUANCE OF CONVERTIBLE BONDS**

On 6 September 2024, the Company and the Subscriber entered into the CB Subscription Agreement pursuant to which the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the Convertible Bonds in the principal amount of HK\$30,000,000. The CB Subscription Price will be partially set-off against the amount due by the Company to the Subscriber as a Shareholder in the amount of HK\$22,676,843.80 and the balance of HK\$7,323,156.20 will be paid by the Subscriber in cash at the CB Completion.

Based on the initial Conversion Price of HK\$0.10 per Conversion Share, a maximum number of 300,000,000 Conversion Shares will be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds in full, which represent: (i) approximately 167.04% of the issued share capital of the Company as at the date of this joint announcement; (ii) approximately 139.20% of the issued share capital of the Company immediately upon Share Subscription Completion; and (iii) approximately 58.19% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon the exercise of the conversion rights attaching to the Convertible Bonds in full, assuming no changes to the number of issued Shares from the date of this joint announcement up to the date of full conversion of the Convertible Bonds, save and except for the Share Subscription Completion.

The Share Subscription Completion and the CB Completion will not be inter-conditional with each other.

## **LISTING RULES IMPLICATIONS**

As at the date of this joint announcement, the Subscriber is interested in 73,693,706 Shares, representing approximately 41.03% of the entire issued share capital of the Company, and the Subscriber is a controlling shareholder of the Company. As such, the Subscriber is regarded as a connected person to the Company under Chapter 14A of the Listing Rules. As a result, the Share Subscription and the CB Subscription constitute non-exempt connected transactions for the Company under Chapter 14A of the Listing Rules and are subject to the announcement, reporting and the Listing Rules Independent Shareholder's approval requirements pursuant to Chapter 14A of the Listing Rules.

The Subscription Shares will be allotted and issued under the Share Specific Mandate, and the Convertible Bonds and the Conversion Shares will be allotted and issued under the CB Specific Mandate, to be respectively sought at the SGM, and is therefore subject to the Listing Rules Independent Shareholders' approval. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares and the Conversion Shares.

## **POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER**

As at the date of this joint announcement, the Subscriber (i.e. the Offeror) and parties acting in concert with it is beneficially interested in 73,693,706 Shares (representing approximately 41.03% of the issued Shares as at the date of this joint announcement).

Upon the Share Subscription Completion, the Offeror and parties acting in concert with it will be interested in 109,613,706 Shares (representing approximately 50.86% of the entire issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares, assuming no changes to the issued Shares from the date of this joint announcement up to the date of the Share Subscription Completion).

Subject to the Share Subscription Completion and pursuant to Rule 26.1 and Rule 13 of the Takeovers Code, upon the Share Subscription Completion, the Offeror and the parties acting in concert with it is required to make a mandatory unconditional general offer in cash for all the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company (other than those already owned or to be acquired by the Offeror and parties acting in concert with it).

Kingston Securities will, on behalf of the Offeror, make the Offers in accordance with the Takeovers Code and on the following basis:

**The Share Offer**

For each Offer Share . . . . . HK\$0.10 in cash

As at the date of this joint announcement, the Company has 179,600,000 Shares in issue. Assuming that there is no change in the total number of issued Shares, there would be 215,520,000 Shares in issue upon the Share Subscription Completion. On the basis of the Share Offer Price at HK\$0.10 per Share, the entire issued share capital of the Company would be valued at approximately HK\$21.6 million.

Assuming that there is no change in the total number of issued Shares, upon the Share Subscription Completion, the Offeror will be interested in 109,613,706 Shares and 105,906,294 Shares not already owned or agreed to be acquired by the Offeror and the parties acting in concert with it will be subject to the Share Offer and the consideration of the Share Offer is therefore valued at approximately HK\$10.6 million based on the Share Offer Price and on the basis of full acceptance of the Share Offer.

The Share Offer will be extended to all Independent Shareholders in accordance with the Takeovers Code. The Offer Shares to be acquired under the Share Offer shall be fully paid and free from all Encumbrances and together with all rights attaching to them, including without limitation, the right to receive all dividends and distributions declared, paid or made, if any, on or after the date on which the Share Offer is made, being the date of despatch of the Composite Document.

As at the date of this joint announcement, no dividend and other distribution has been paid or declared by the Company and it is advised by the Board that no dividend and other distribution is expected to be paid or declared during the Offer Period.

**The Convertible Notes Offer**

For every HK\$1,000,000 nominal value  
of the Convertible Notes. . . . . HK\$10,929 in cash

The Convertible Notes will be acquired as fully-paid and free from all Encumbrances whatsoever and together with all rights now or hereafter attaching or accruing to them on or after the date on which the Convertible Notes Offer is made, being the date of despatch of the Composite Document.

As at the date of this joint announcement, there are outstanding Convertible Notes in the principal amount of HK\$15,000,000 which carry rights to convert into 1,639,344 new conversion Shares (rounded down) in full based on the existing conversion price of HK\$9.15 per conversion share, and none of the Offeror and parties acting in concert with it has any interest in the Convertible Notes.

The proposed offer price of the Convertible Notes is HK\$10,929 for every HK\$1,000,000 nominal value of the Convertible Notes, determined in accordance with Rule 13 of and Practice Note 6 to the Takeovers Code as the “see-through” consideration for the Convertible Notes, being the number of new Shares which the Convertible Notes could be convertible into (i.e. approximately 1,639,344 new conversion Shares) multiplied by the Share Offer Price of HK\$0.10 per Offer Share, valuing the total Convertible Notes Offer at approximately HK\$163,935.

The Convertible Notes Offer is made by the Offeror in compliance of Rule 13.1 of the Takeovers Code. The Company emphasises that any Convertible Notes Offer made shall not be made or construed to be prejudicial to the Company’s claims and/or counterclaims in any legal actions and procedures against the Convertible Noteholders.

#### **LISTING RULES INDEPENDENT BOARD COMMITTEE, TAKEOVERS CODE INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER OF THE COMPANY**

Pursuant to Rule 14A.39 of the Listing Rules, the Listing Rules Independent Board Committee comprising all the independent non-executive Directors who have no direct or indirect interest in the Share Subscription and the CB Subscription has been established to advise the Listing Rules Independent Shareholders as to whether the terms of the Share Subscription Agreement, the CB Subscription Agreement, and the transactions contemplated thereunder are on normal commercial terms and in the interests of the Company and Shareholders as a whole.

Pursuant to Rule 2.1 of the Takeovers Code, the Takeovers Code Independent Board Committee comprising all non-executive Directors who have no direct or indirect interest in the Offers has been established to advise the Independent Shareholders and the Convertible Noteholders as to whether the Offers are fair and reasonable and as to their acceptance.

The Independent Financial Adviser will be appointed to advise (i) the Listing Rules Independent Board Committee and the Listing Rules Independent Shareholders in respect of the Share Subscription and the CB Subscription as to whether the terms of the Share Subscription Agreement, the CB Subscription Agreement, and the transactions contemplated thereunder are on normal commercial terms and in the interests of the Company and Shareholders as a whole; and (ii) the Takeovers Code Independent Board Committee, the Independent Shareholders and the Convertible Noteholders in respect of the Offers as to whether the Offers are fair and reasonable and as to their acceptance.

## **SGM AND DESPATCH OF CIRCULAR**

The SGM will be convened and held for the purposes of considering and, if thought fit, approving, inter alia, the terms of the Share Subscription Agreement, the CB Subscription Agreement and the transactions contemplated thereunder, including allotment and issue of the Subscription Shares, the issuance of the Convertible Bonds, the allotment and issue of the Conversion Shares, and the granting of the Share Specific Mandate and the CB Specific Mandate.

A circular containing, among other things, (i) further details of the Share Subscription Agreement, the transactions contemplated thereunder and the granting of the Specific Mandate; (ii) further details of the CB Subscription Agreement, the transactions contemplated thereunder and the granting of the CB Specific Mandate; (iii) letter from the Listing Rules Independent Board Committee containing its opinion and recommendations to the Listing Rules Independent Shareholders in relation to the Share Subscription and the CB Subscription; (iv) a letter of advice from the Independent Financial Adviser to the Listing Rules Independent Board Committee and the Listing Rules Independent Shareholders in relation to the Share Subscription and the CB Subscription; (v) a notice convening the SGM; and (vi) other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 10 October 2024 as additional time is required to prepare the information for inclusion in the circular.

## **COMPOSITE DOCUMENT**

Subject to the Share Subscription Completion, if the Offers are made, it is the intention of the Offeror and the Company that the offer document from the Offeror and the offeree board circular from the Company be combined into a Composite Document and be jointly despatched by the Offeror and the Company to the Independent Shareholders and the Convertible Noteholders in accordance with the requirements of the Takeovers Code after the Share Subscription Completion takes place. In accordance with Rule 8.2 of the Takeovers Code, the Composite Document containing, amongst other things, (i) the terms and details of the Offers (including the expected timetable), (ii) a letter of recommendation from the Takeovers Code Independent Board Committee to the Independent Shareholders and the Convertible Noteholders in respect of the Offers, and (iii) a letter of advice from the Independent Financial Adviser to the Takeovers Code Independent Board Committee in relation to the Offers, together with the relevant forms of acceptance and transfer, are required to be despatched to the Shareholders and the Convertible Noteholders no later than 21 days of the date of this joint announcement or such later date as the Executive may approve.

However, as the making of the Offers is subject to the Share Subscription Completion, which in turn is subject to satisfaction of the relevant Conditions Precedent which are not expected to be satisfied within 21 days from the date of this joint announcement, the Offeror will make an application to the Executive under Note 2 to Rule 8.2 of the Takeovers Code for the Executive's consent to extend the date of despatch of the Composite Document to a date falling no later than 7 days after the Share Subscription Completion or such other date as the Executive may approve.

Further announcement(s) will be made by the Offeror and the Company on the timing of the despatch of the Composite Document.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 9 September 2024 pending the release of this joint announcement. An 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 30 September 2024.



## **WARNING**

**Completion of the Share Subscription and the CB Subscription is subject to the fulfilment of their respective conditions precedent as set out in this joint announcement, and may or may not proceed.**

**Shareholders and/or potential investors of the Company should note that, as the making of the Offers is subject to the Share Subscription Completion which in turn is subject to the satisfaction (or waiver as the case may be) of a number of conditions, the Offers may or may not be made. Accordingly, the issue of this joint announcement does not imply that the Offers will be made or will be completed. Shareholders and potential investors of the Company should also note that the Share Subscription Completion is subject to the fulfillment of certain conditions (including the approval of the Listing Rules Independent Shareholders), which may or may not be satisfied.**

**The Directors make no recommendation as to the fairness or reasonableness of the Offers or as to the acceptance of the Offers in this joint announcement, and strongly recommend the Independent Shareholders and the Convertible Noteholders not to form a view on the Offers unless and until they have received and read the Composite Document, including the recommendations of the Takeovers Code Independent Board Committee in respect of the Offers and a letter of advice from the Independent Financial Adviser.**

**Shareholders and potential investors of the Company should therefore exercise caution when dealing in the Shares. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.**



## **THE SHARE SUBSCRIPTION**

On 6 September 2024, the Company and the Subscriber entered into the Share Subscription Agreement pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue the Subscription Shares (i.e. a total of 35,920,000 Shares) at the Share Subscription Price of HK\$0.10 per Subscription Share.

Set out below is a summary of the principal terms of the Share Subscription Agreement:

### **The Share Subscription Agreement**

#### ***Date***

6 September 2024

#### ***Parties***

- (1) Issuer: The Company; and
- (2) Subscriber: Wealthy Port Holdings Limited

As at the date of this joint announcement, Wealthy Port Holdings Limited is a controlling shareholder of the Company which beneficially owns 73,693,706 Shares, representing approximately 41.03% of the entire issued share capital of the Company. Mr. Chim, the sole shareholder and the sole director of the Subscriber, is interested in the aforesaid Shares pursuant to Part XV of the SFO.

#### ***Number of Subscription Shares***

As at the date of this joint announcement, the Company has a total number of 179,600,000 Shares, the Subscription Shares (i.e. a total of 35,920,000 Shares) to be allotted and issued under the Subscription represent:

- (1) approximately 20% of the total number of issued Shares as at the date of this joint announcement;
- (2) approximately 16.67% the total number of issued Shares as enlarged by the allotment and issuance of the Subscription Shares (assuming there will be no change in the total number of issued Shares between the date of this joint announcement and the allotment and issue of the Subscription Shares); and

- (3) approximately 6.97% of the issued Shares of the Company as enlarged by the allotment and issue of the Subscription Shares and full conversion of the Convertible Bonds at the initial Conversion Price (assuming there will be no change in the total number of issued Shares between the date of this joint announcement and the allotment and issue of the Conversion Shares, except for the Subscription Shares).

Based on the closing price of the Shares of HK\$0.051 per Share on the Last Trading Day of 5 September 2024, the Subscription Shares have a market value of approximately HK\$1.8 million. Based on the nominal value of HK\$0.100 per Share, the aggregate nominal value of the Subscription Shares is HK\$3,592,000.

### ***Ranking of the Subscription Shares***

The Subscription Shares, when issued and fully paid, will rank *pari passu* among themselves and with the Shares then in issue.

### ***Share Subscription Price***

The Share Subscription Price of HK\$0.10 per Subscription Share represents:

- (1) a premium of approximately 96.08% to the closing price of HK\$0.051 per Share as quoted on the Stock Exchange on 5 September 2024, being the Last Trading Day;
- (2) a premium of approximately 96.08% to the average closing price of approximately HK\$0.051 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day;
- (3) a premium of approximately 75.44% to the average closing price of approximately HK\$0.057 per Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day;
- (4) a discount of approximately 86.75% to the audited consolidated net asset value attributable to the Shareholders as at 31 December 2023 of approximately HK\$0.755 per Share (based on the audited consolidated net asset value attributable to Shareholders as at 31 December 2023 (the date to which the latest audited financial results of the Group were made up) divided by 179,600,000 Shares in issue as at the date of this joint announcement); and
- (5) a discount of approximately 84.28% to the unaudited consolidated net asset value attributable to the Shareholders as at 30 June 2024 of approximately HK\$0.636 per Share (based on the unaudited consolidated net asset value attributable to the Shareholders as at 30 June 2024 (the date to which the latest unaudited financial results of the Group were made up) divided by 179,600,000 Shares in issue as at the date of this joint announcement).

The net issue price per Share from the Share Subscription will be approximately HK\$0.07.

The Share Subscription Price was determined after arm's length negotiations between the Company and the Subscriber with reference to the prevailing market price of the Shares. Even though the Share Subscription Price represents a discount of approximately 86.75% to the audited consolidated net asset value per Share as at 31 December 2023 and 84.28% to the unaudited consolidated net asset value per Share as at 30 June 2024 (as shown in paragraphs (4) and (5) above), the Share Subscription Price represents a substantial premium to the recent closing prices of the Shares (as shown in paragraphs (1) to (3) above). Further, the Shares have been trading at a greater discount to the net asset value per Share during the six months prior to the Last Trading Day, as compared to the Share Subscription Price, with the highest closing price of the Shares at HK\$0.098 per Share as quoted on the Stock Exchange on 6 June 2024 and the lowest closing price of the Shares at HK\$0.050 per Share as quoted on the Stock Exchange on 19 August 2024. Therefore, the Directors (excluding all non-executive Directors, who will give their view on the Share Subscription Agreement and the transactions contemplated thereunder after taking into account the advice of the Independent Financial Adviser) consider that the Share Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### ***Conditions to Share Subscription***

The Share Subscription Completion is conditional upon fulfillment of the following conditions:

- (1) the passing of an ordinary resolution by the Listing Rules Independent Shareholders at the SGM approving the allotment and issue of the Subscription Shares by the Company (including the Specific Mandate);
- (2) the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Subscription Shares, and such approval not being revoked; and
- (3) all other necessary consents, approvals, permits or licences from the relevant governmental or regulatory authorities or other third parties in relation to the transactions contemplated under the Share Subscription Agreement having been obtained.

Save for the conditions (1) and (2) above, as at the date of this joint announcement, the Company and the Offeror is not aware of any other necessary consents, approvals, permits or licenses required in relation to the transaction contemplated under the Share Subscription Agreement. As at the date of this joint announcement, none of the conditions precedent to Share Subscription have been satisfied or waived.

The conditions specified above are not capable of being waived by any of the parties to the Share Subscription Agreement, and if the conditions are not fulfilled or satisfied at or before 4:00 p.m. on the Long Stop Date, the Share Subscription Agreement shall cease and terminate and none of the parties shall have any claim against the other for costs, damages, compensation or otherwise apart from any antecedent breaches of any provisions thereof.

### *Consideration for the Subscription Shares*

The total consideration for the Subscription Shares of approximately HK\$3.6 million shall be payable in cash by the Subscriber on the completion date of the Share Subscription.

### *Share Subscription Completion*

Completion of the Share Subscription Agreement shall take place on a date no later than the fifth Business Day after the last outstanding condition precedent pursuant to the Share Subscription Agreement shall have been fulfilled (or such other date as may be agreed by the Company and the Subscriber in writing).

## **THE CB SUBSCRIPTION AND THE CONVERTIBLE BONDS**

On 6 September 2024 (after trading hours of the Stock Exchange), the Company and the Subscriber entered into the CB Subscription Agreement pursuant to which the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for the Convertible Bonds in the principal amount of HK\$30,000,000. The CB Subscription Price will be partially set-off against the amount due by the Company to the Subscriber as a Shareholder in the amount of HK\$22,676,843.80 and the balance of HK\$7,323,156.20 will be paid by the Subscriber in cash at the CB Completion.

The amount due by the Company to the Subscriber as Shareholder represents advances by the Subscriber to the Company as daily working capital in relation to the payments for daily operating expenses of the Group in recent years, such as rental related expenses, staff and directors' remuneration, legal and professional fees and other administration expenses. The amount due by the Company to the Subscriber is unsecured, interest free and repayable on demand.

Set out below is a summary of the principal terms of the Convertible Bonds:

Issuer:	The Company
Subscriber:	The Subscriber
Issue price:	100% of the principal amount. The CB Subscription Price will be partially set-off against the amount due to the Subscriber as a Shareholder in the amount of HK\$22,676,843.80 and the balance of HK\$7,323,156.20 will be paid by the Subscriber in cash at the CB Completion.
Principal amount:	HK\$30,000,000
Conversion price:	HK\$0.10, subject to adjustment as hereafter described.
Adjustment events:	<p>The Conversion Price shall from time to time be subject to adjustment upon occurrence of the following events:</p> <ul style="list-style-type: none"><li>(a) an alteration to the nominal amount of the Shares by way of consolidation, sub-division, or reclassification;</li><li>(b) an issue (other than in lieu of cash dividend and other than issue that would amount to capital distribution) of any Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);</li></ul>

- (c) a capital distribution (in cash or specie and whether on a reduction of capital or otherwise) to the Shareholders or grant to the Shareholders rights to acquire for cash assets of the Group;
- (d) an offer of new Shares to the Shareholders for conversion by way of rights, or grant, to Shareholders of any options or warrants to subscribe for new Shares, at a price which is less than 95% of the market price on the date of the announcement of the terms of the offer or grant;
- (e) (aa) an issue of securities wholly for cash or for reduction of liabilities or for acquisition of asset which by their terms are convertible into or exchangeable for or carry rights of conversion for new Shares, and the total effective consideration per Share initially receivable for such securities is less than 95% of the market price on the date of the announcement of the terms of issue of such securities;  
  
(bb) modification of the rights of conversion or exchange or subscription attached to any such securities as are mentioned in section (aa) of this paragraph (e), so that the total effective consideration per Share initially receivable for such securities shall be less than 95% of the market price on the date of announcement of the proposal to modify such rights of conversion or exchange or subscription;
- (f) an issue of any Shares wholly for cash or for reduction of liabilities at a price per Share which is less than 95% of the market price on the date of the announcement of the terms of such issue; and
- (g) an issue of any Shares for the acquisition of asset at a total effective consideration per Share which is less than 95% of the market price at the date of the announcement of the terms of such issue.

Interest rate:	Nil
Conversion Shares:	Based on the principal amount of the Convertible Bonds of HK\$30,000,000, the Convertible Bonds are convertible into 300,000,000 Conversion Shares at the initial conversion price of HK\$0.10 per Conversion Share (subject to adjustments).
Conversion period:	commencing from the date of issue of the Convertible Bonds to the day immediately prior to and exclusive of the Maturity Date.
Conversion rights and restrictions:	<p>The holder(s) of the Convertible Bonds shall, subject to compliance with the procedures set out in the terms and conditions thereunder, have the right at any time during the conversion period to convert the whole or part of the outstanding principal amount of the Convertible Bonds registered in its name into Conversion Shares provided that:</p> <ul style="list-style-type: none"> <li>(i) any conversion shall be made in amounts of not less than a whole multiple of HK\$500,000 on each conversion save that it at any time the aggregate outstanding principal amount of the Convertible Bond is less than HK\$500,000, the whole (but not part only) of the outstanding principal amount of the Convertible Bonds may be converted;</li> <li>(ii) the conversion will not cause the Company to be unable to meet the public float requirement under the Listing Rules, in which case only a portion of the Conversion Rights may be exercised so as to maintain the public float requirement; and</li> <li>(iii) the conversion will not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the Bondholder(s) which exercised the Conversion Rights and parties acting in concert with it, in which case only a portion of the Conversion Rights may be exercised such that the mandatory offer obligation will not be triggered.</li> </ul>
Early redemption:	The Convertible Bonds shall be redeemable by the Company at any time before the Maturity Date.



- Ranking:** The Conversion Shares, when allotted and issued, shall rank pari passu in all respects with the Shares in issue on the relevant conversion date including the right to all dividends or other distributions, paid or made on or after the relevant conversion date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date thereof shall be on or before the relevant conversion date.
- Maturity Date:** The calendar day immediately before the first anniversary date of the initial issue date of the Convertible Bonds.
- Automatic conversion:** Unless previously redeemed, converted or cancelled, the Convertible Bonds shall be automatically converted into Conversion Shares at the Conversion Price on the Maturity Date at the outstanding principal amount, subject to the terms and conditions of the Convertible Bonds.
- Voting rights:** The holder(s) of the Convertible Bonds shall not have any right to attend or vote in any general meeting of the Company
- Transferability:** Subject to compliance with the Listing Rules and the Takeovers Code, the Convertible Bonds may be transferred or assigned in whole or in part in integral multiples of HK\$10,000,000 by the holder(s) of the Convertible Bonds to any party, save and except that the Convertible Bonds shall not be transferred to a connected person of the Company unless with the prior written consent of the Company.
- Security:** The obligations of the Company under the Convertible Bonds are unsecured

Based on the initial Conversion Price of HK\$0.10 per Conversion Share, a maximum number of 300,000,000 Conversion Shares will be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds in full, which represent: (i) approximately 167.04% of the issued share capital of the Company as at the date of this joint announcement; (ii) approximately 139.20% of the issued share capital of the Company immediately upon Share Subscription Completion; and (iii) approximately 58.19% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon the exercise of the conversion rights attaching to the Convertible Bonds in full, assuming no changes to the number of issued Shares from the date of this joint announcement up to the date of full conversion of the Convertible Bonds, save and except for the Share Subscription Completion.

The Share Subscription Completion and the CB Completion will not be inter-conditional with each other.

The maximum aggregate nominal value of the Conversion Shares is HK\$30,000,000.

***Conditions precedent for the CB Subscription Agreement***

The CB Completion is conditional upon fulfilment or waiver (as the case may be) of the following conditions:

- (A) the warranties of the Company remaining true, accurate and correct in all material aspects;
- (B) all issued Shares remaining listed on, and not having been withdrawn from, the Stock Exchange and the Stock Exchange not having indicated that it will object to, suspend or cancel such listing and there being no events or circumstances existing based on which the Stock Exchange could reasonably be expected to raise such objection, suspension or cancellation;
- (C) the passing of an ordinary resolution by the Independent Shareholders at the SGM approving the issue of the Convertible Bonds by the Company;
- (D) listing of, and permission to deal in, all of the Conversion Shares upon conversion of the Convertible Bonds having been granted by the Listing Committee of the Stock Exchange (either unconditionally or if subject to conditions, such conditions being reasonably acceptable to the Subscriber and if required by the Stock Exchange for it to be fulfilled before Completion, such conditions being fulfilled or satisfied before Completion) and such listing and permission remaining in full force and effect and not subsequently being revoked;
- (E) there being no event existing or having occurred and no condition being in existence which would (had any Convertible Bonds already been issued) constitute an event of default, including the default by the Company in the performance or observance of any covenant, provision or obligation contained in the CB Subscription Agreement, any material breach of and non-compliance with any applicable law, regulation or Listing Rules by the Company which will result in a Material Adverse Effect, and the winding up or receivership of the Company;
- (F) all obligations under the CB Subscription Agreement required to be performed by the Company on or before the CB Completion having been performed, including the delivery of a certified copy of the minutes or resolutions of the Board approving the CB Subscription and the delivery of the certificate of the Convertible Bonds upon CB Completion, and there being no breach of any provision of the CB Subscription Agreement by the Company;

- (G) since the date of the CB Subscription Agreement, there having been, in the reasonable opinion of the Subscriber, no event or circumstance which carries a Material Adverse Effect;
- (H) the warranties of the Subscriber remaining true, accurate and correct in all material aspects; and
- (I) the Subscriber having performed all necessary external and internal authorisations for the execution documents and consummation of transactions under the CB Subscription Agreement. The Subscriber shall obtain its board resolution for internal authorisation for entering into the CB Subscription Agreement, and no external authorisation is required as at the date of this joint announcement.

The Subscriber may at any time waive in writing any or all of the conditions precedent for the CB Subscription Agreement (save and except for conditions (B), (C) and (D) which cannot be waived, and except for conditions (H) and (I) which shall be satisfied by the Subscriber) either in whole or in part and conditionally or unconditionally by giving notice in writing to the Company. In the event that all the conditions precedent shall not have been satisfied or (where applicable) waived on or before the Long Stop Date, the CB Subscription Agreement shall lapse and become null and void between the Company and the Subscriber, and neither the Company nor the Subscriber shall have or make any claim against the other in respect hereof save for liabilities for any antecedent breach hereof. As at the date of this joint announcement, none of the conditions precedent for the CB Subscription Agreement have been satisfied or waived.

### ***Conversion Price***

The initial Conversion Price of HK\$0.10 per Conversion Share represents:

- (1) a premium of approximately 96.08% to the closing price of HK\$0.051 per Share as quoted on the Stock Exchange on 5 September 2024, being the Last Trading Day;
- (2) a premium of approximately 96.08% to the average closing price of approximately HK\$0.051 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day;
- (3) a premium of approximately 75.44% to the average closing price of approximately HK\$0.057 per Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day;

- (4) a discount of approximately 86.75% to the audited consolidated net asset value attributable to the Shareholders as at 31 December 2023 of approximately HK\$0.755 per Share (based on the audited consolidated net asset value attributable to Shareholders as at 31 December 2023 (the date to which the latest audited financial results of the Group were made up) divided by 179,600,000 Shares in issue as at the date of this joint announcement); and
- (5) a discount of approximately 84.28% to the unaudited consolidated net asset value attributable to the Shareholders as at 30 June 2024 of approximately HK\$0.636 per Share (based on the unaudited consolidated net asset value attributable to the Shareholders as at 30 June 2024 (the date to which the latest unaudited financial results of the Group were made up) divided by 179,600,000 Shares in issue as at the date of this joint announcement).

The net Conversion Price, after deduction of relevant expenses, is approximately HK\$0.097 per Conversion Share.

The Conversion Price was determined after arm's length negotiations between the Company and the Subscriber with reference to the prevailing market price of the Shares. The Directors (excluding all non-executive Directors, who will give their view on the CB Subscription Agreement and the transactions contemplated thereunder after taking into account the advice of the Independent Financial Adviser) consider that the Conversion Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Application for listing**

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of approval for the listing of, and permission to deal in, the Subscription Shares and the Conversion Shares.

No application will be made for the listing of, or permission to deal in, the Convertible Bonds on the Stock Exchange or any other stock exchange.

## Effect on shareholding structure of the Company

The shareholding structures of the Company (i) as at the date of this joint announcement; (ii) immediately after the Share Subscription Completion (assuming no changes to the number of issued Shares from the date of this joint announcement up to the date of the Share Subscription Completion), and (iii) immediately after full conversion of the Convertible Bonds at the initial Conversion Price (assuming no changes to the number of issued Shares from the date of this joint announcement up to the date of full conversion of the Convertible Bonds, save and except for the Share Subscription Completion) are as follows:

	(i) As at the date of this joint announcement		(ii) Immediately after the Share Subscription Completion		(iii) Immediately after the Share Subscription Completion and upon full conversion of the Convertible Bonds at the initial Conversion Price (Note 4)	
	Number of Shares	Approximate percentage	Number of Shares	Approximate percentage	Number of Shares	Approximate percentage (Note 5)
<b>The Offeror and parties acting in concert with it</b>						
The Subscriber (Note 1)	73,693,706	41.03%	109,613,706	50.86%	409,613,706	79.46%
<b>Other Shareholders</b>						
Business Century Investments Limited (Note 2)	12,873,166	7.17%	12,873,166	5.97%	12,873,166	2.50%
Everun Oil Co., Limited (Note 3)	17,316,200	9.64%	17,316,200	8.03%	17,316,200	3.36%
Other public Shareholders	75,716,928	42.16%	75,716,928	35.14%	75,716,928	14.68%
<b>Total</b>	<u>179,600,000</u>	<u>100.00%</u>	<u>215,520,000</u>	<u>100.00%</u>	<u>515,520,000</u>	<u>100.00%</u>

*Notes:*

1. The 73,693,706 Shares are beneficially held by the Subscriber. Pursuant to the 2024 SPA (as defined below), the entire issued shareholding in the Subscriber was transferred from Mr. Chim Sai Yau Oscar to Mr. Chim on 6 September 2024. As Mr. Chim is the legal and beneficial owner of all issued shares of the Subscriber as at the date of this joint announcement, Mr. Chim is deemed to be interested in all the Shares held by the Subscriber by virtue of Part XV of the SFO. Mr. Chim Sai Yau Oscar, a grandchild of Mr. Chim, being a party acting in concert with Mr. Chim pursuant to the Concert Party Agreement (as defined below), is also deemed to be interested in all the Shares held by the Subscriber by virtue of Part XV of the SFO.
2. The 12,873,166 Shares are beneficially held by Business Century Investments Limited. As Ms. Xie Guilin is the legal and beneficial owner of all issued shares of Business Century Investments Limited, Ms. Xie Guilin is deemed to be interested in all the Shares held by Business Century Investments Limited by virtue of Part XV of the SFO.
3. The 17,316,200 Shares are beneficially held by Everun Oil Co., Limited. As Mr. Chen Jingan is the legal and beneficial owner of all issued shares of Everun Oil Co., Limited, Mr. Chen Jingan is deemed to be interested in all the Shares held by Everun Oil Co., Limited by virtue of Part XV of the SFO.
4. This column is shown for illustration purposes only, under the terms of the Convertible Bonds, the exercise of the conversion rights attached to the Convertible Bonds shall not cause the Company to be unable to meet the public float requirements under the Listing Rules.
5. Percentage figures may not add up to 100 per cent due to rounding.

As at the date of this joint announcement, none of the Directors had any interests or short positions in the Shares or other relevant securities of the Company.

***Fund raising exercises of the Company in the past 12 months***

The Company has not conducted any equity fund raising activities during the past twelve months immediately preceding the date of this joint announcement.

***Reasons for the Share Subscription and CB Subscription and use of proceeds***

The Group is principally engaged in manufacturing and trading of pre-stressed high strength concrete piles, ready-mixed concrete, autoclaved sand-lime bricks, aerated concrete products and eco-permeable concrete products. The products are sold to customers located in Yangjiang City and its surrounding cities in the Guangdong Province in the People's Republic of China.

As disclosed in the interim results announcement of the Company for the six months ended 30 June 2024, the Company had cash and cash equivalents of approximately HK\$7.3 million as at 30 June 2024. As such, the Company consider the Share Subscription and CB Subscription may allow the Company to replenish its working capital for daily operation.

Apart from the Share Subscription and the CB Subscription, the Group has considered other financing alternatives such as debt and equity financing. However, despite the Group's attempt to negotiate with various lenders, including banks and other financial institutions for debt financing, and placing agents and underwriters for equity financing, the Group had not been able to realize these fundraising activities due to the loss-making financial performance of the Group and the lack of ability to provide adequate securities for borrowings over the past few years. Hence, the Company considers the Share Subscription and CB Subscription as an effective method of providing working capital to the Group.

The gross proceeds of the Share Subscription and the CB Subscription will be approximately HK\$3.6 million and HK\$7.3 million respectively, and the aggregate gross proceeds will be approximately HK\$10.9 million. The net proceeds from the Share Subscription and CB Subscription, after the deduction of the related professional fees and other related expenses, are estimated to be approximately HK\$8.9 million. The Company intends to use the net proceeds from the Share Subscription and CB Subscription for general working capital purpose. It is expected that the net proceeds will be fully utilised by 31 December 2025 based on the working capital needs of the Group.

Based on the above, the Board (excluding the members of the Listing Rules Independent Board Committee whose views are to be included in the circular to be despatched by the Company, after being advised by the Independent Financial Adviser) considers that the terms and conditions of the Share Subscription, the CB Subscription Agreement, Convertible Bonds, and the fund raising through the Share Subscription and CB Subscription is in the interests of the Company and the Shareholders as a whole.

### ***Information of the Subscriber***

Wealthy Port Holdings Limited is primarily engaged in investment holding and is a controlling shareholder of the Company which beneficially owns 73,693,706 Shares, representing approximately 41.03% of the entire issued share capital of the company as at the date of this joint announcement. Mr. Chim is the sole legal and beneficial shareholder and the sole director of the Subscriber.



### ***Implication under the Listing Rules***

As at the date of this joint announcement, the Subscriber is interested in 73,693,706 Shares, representing approximately 41.03% of the entire issued share capital of the Company, and the Subscriber is a controlling Shareholder. As such, the Subscriber is regarded as a connected person to the Company under Chapter 14A of the Listing Rules. As a result, the Share Subscription and the CB Subscription constitute non-exempt connected transactions for the Company under Chapter 14A of the Listing Rules and is subject to the announcement, reporting and Listing Rules Independent Shareholder's approval requirements pursuant to Chapter 14A of the Listing Rules.

The Subscription Shares will be allotted and issued under the Share Specific Mandate, and the Convertible Bonds and the Conversion Shares will be allotted and issued under the CB Specific Mandate, to be respectively sought at the SGM, and is therefore subject to the Listing Rules Independent Shareholders' approval.

The Company will seek approval from the Listing Rules Independent Shareholders at the SGM for the Share Subscription Agreement, the CB Subscription Agreement, the issuance of the Convertible Bonds, and the transactions contemplated thereunder. Save for the Subscriber and its associates, no Shareholder has a material interest in the Share Subscription Agreement, the CB Subscription Agreement, the issuance of the Convertible Bonds, and the transactions contemplated thereunder. As such, save for the Subscriber and its associates, no Shareholder is required to abstain from voting for the resolution to approve Share Subscription Agreement, the CB Subscription Agreement, the issuance of the Convertible Bonds and the transactions contemplated thereunder at the SGM.

Pursuant to Rule 14A.39 of the Listing Rules, the Listing Rules Independent Board Committee comprising all the independent non-executive Directors who have no direct or indirect interest in the Share Subscription and the CB Subscription has been established to advise the Listing Rules Independent Shareholders as to whether the terms of the Share Subscription Agreement, CB Subscription Agreement and the Convertible Bonds are on normal commercial terms and in the interests of the Company and Shareholders as a whole.

The Independent Financial Adviser will be appointed to advise the Listing Rules Independent Board Committee in respect of the Share Subscription and the CB Subscription and, in particular, as to whether the terms of the Share Subscription Agreement, the CB Subscription Agreement, the Convertible Bonds and the transactions contemplated thereunder are on normal commercial terms and in the interests of the Company and Shareholders as a whole.

### ***General***

A circular containing, among other things, (i) further details of the Share Subscription Agreement, the transactions contemplated thereunder and the granting of the Specific Mandate; (ii) further details of the CB Subscription Agreement, the transactions contemplated thereunder and the granting of the CB Specific Mandate; (iii) letter from the Listing Rules Independent Board Committee containing its opinion and recommendations to the Listing Rules Independent Shareholders in relation to the Share Subscription and the CB Subscription; (iv) a letter of advice from the Independent Financial Adviser to the Listing Rules Independent Board Committee and the Listing Rules Independent Shareholders in relation to the Share Subscription and the CB Subscription; (v) a notice convening the SGM; and (vi) other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 10 October 2024 as additional time is required to prepare the information for inclusion in the circular.

### **POSSIBLE MANDATORY UNCONDITIONAL CASH OFFER**

As at the date of this joint announcement, the Subscriber (i.e. the Offeror) and parties acting in concert with it is beneficially interested in 73,693,706 Shares (representing approximately 41.03% of the issued Shares as at the date of this joint announcement). Upon the Share Subscription Completion, the Offeror and parties acting in concert with it will be interested in 109,613,706 Shares (representing approximately 50.86% of the issued Shares as enlarged by the allotment and issue of the Subscription Shares, assuming no changes to the issued Shares from the date of this joint announcement up to the date of the Share Subscription Completion).

Subject to the Share Subscription Completion and pursuant to Rule 26.1 and Rule 13 of the Takeovers Code, upon the Share Subscription Completion, the Offeror is required to make the mandatory unconditional cash offer for all the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) (other than those already owned or to be acquired by the Offeror and parties acting in concert with it), and Kingston Securities will, on behalf of the Offeror, make a mandatory unconditional general offer in cash for all the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

### **Securities of the Company**

As at the date of this joint announcement, the Company has a total of 179,600,000 Shares in issue.

Save and except to the Share Subscription and subject to the Share Subscription Completion, assuming there is no further change in the total number of issued Shares, there will be 215,520,000 Shares in issue as a result of the issuance and allotment of the Subscription Shares. Assuming that there is no change in the total number of issued Shares, upon the Share Subscription Completion, the Offeror will be interested in 109,613,706 Shares and 105,906,294 Shares not already owned or agreed to be acquired by the Offeror will be subject to the Share Offer.

The remaining Convertible Notes in the principal amount of HK\$15 million, as issued by the Company pursuant to a sale and purchase agreement dated 3 October 2013 (the “SPA”), are convertible into 1,639,344 new conversion Shares (rounded down). The Convertible Notes were issued in favour of the vendor of the SPA (the “Vendor”) as part of the consideration of the SPA. As at the date of this joint announcement, the remaining Convertible Notes are held as to HK\$10 million legally and beneficially by the Vendor, and as to HK\$5 million by an independent third party on trust for the benefit of the Vendor. The Vendor’s entitlement to the Convertible Notes is subject to the Vendor’s due performance of the covenants, warranties and the terms and conditions under the SPA (the “CN Condition”). It is the Company’s case that the Vendor has fundamentally breached the CN Condition. According to a legal opinion dated 2 December 2019 given by the Company’s solicitors, Lam & Co., upon the fundamental breach of the SPA, it is open for the Company to argue that the CN Condition has failed and the outstanding Convertible Notes are void and have no effect. High court action has been commenced by the Company to seek to rescind the SPA and to declare that the Convertible Notes to be null, void and have no effect. As at the date of this joint announcement, the litigation is still in progress and no judgment has been made by the Court.

Save as aforesaid, the Company does not have any outstanding options, derivatives, warrants, relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) or securities which are convertible or exchangeable into Shares.

## **Principal terms of the Share Offer**

Upon the Share Subscription Completion, Kingston Securities will make the Share Offer for and on behalf of the Offeror in compliance with the Takeovers Code on the following terms:

For each Offer Share . . . . . HK\$0.10 in cash

The Share Offer will be extended to all Independent Shareholders in accordance with the Takeovers Code. The Offer Shares to be acquired under the Share Offer shall be fully paid and free from all Encumbrances and together with all rights attaching to them, including without limitation, the right to receive all dividends and distributions declared, paid or made, if any, on or after the date on which the Share Offer is made, being the date of despatch of the Composite Document.

As at the date of this joint announcement, no dividend and other distribution has been paid or declared by the Company and it is advised by the Board that no dividend and other distribution is expected to be paid or declared during the Offer Period.

## **The Convertible Notes Offer**

For every HK\$1,000,000 nominal value  
of the Convertible Notes. . . . . HK\$10,929 in cash

The Convertible Notes will be acquired as fully-paid and free from all Encumbrances whatsoever and together with all rights now or hereafter attaching or accruing to them on or after the date on which the Convertible Notes Offer is made, being the date of despatch of the Composite Document.

As at the date of this joint announcement, there are outstanding Convertible Notes in the principal amount of HK\$15,000,000 which carry rights to convert into 1,639,344 new conversion Shares (rounded down) in full based on the existing conversion price of HK\$9.15 per conversion share, and none of the Offeror and parties acting in concert with it has any interest in the Convertible Notes.

The proposed offer price of the Convertible Notes is HK\$10,929 for every HK\$1,000,000 nominal value of the Convertible Notes, determined in accordance with Rule 13 of and Practice Note 6 to the Takeovers Code as the “see-through” consideration for the Convertible Notes, being the number of new Shares which the Convertible Notes could be convertible into (i.e. approximately 1,639,344 new conversion Shares) multiplied by the Share Offer Price of HK\$0.10 per Offer Share, valuing the total Convertible Notes Offer at approximately HK\$163,935.

The Convertible Notes Offer is made by the Offeror in compliance of Rule 13.1 of the Takeovers Code. The Company emphasises that any Convertible Notes Offer made shall not be made or construed to be prejudicial to the Company's claims and/or counterclaims in any legal actions and procedures against the Convertible Noteholders.

### **Comparison of value**

The Share Offer Price of HK\$0.10 per Offer Share represents:

- (i) a premium of approximately 96.08% to the closing price of HK\$0.051 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 96.08% to the average of the closing prices of the Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.051 per Share;
- (iii) a premium of approximately 75.44% to the average of the closing prices of the Share as quoted on the Stock Exchange for the thirty consecutive trading days up to and including the Last Trading Day of approximately HK\$0.057 per Share;
- (iv) a discount of approximately 86.75% over the audited consolidated net asset value attributable to the Shareholders as at 31 December 2023 of approximately HK\$0.755 per Share (based on the audited consolidated net asset value attributable to Shareholders as at 31 December 2023 (the date to which the latest audited financial results of the Group were made up) divided by 179,600,000 Shares in issue as at the date of this joint announcement); and
- (v) a discount of approximately 84.28% to the unaudited consolidated net asset value attributable to the Shareholders as at 30 June 2024 of approximately HK\$0.636 per Share (based on the unaudited consolidated net asset value attributable to the Shareholders as at 30 June 2024 (the date to which the latest unaudited financial results of the Group were made up) and divided by 179,600,000 Shares in issue as at the date of this joint announcement).

### **Highest and lowest Share prices**

During the period commencing six months prior to the Offer Period and ending on the Last Trading Day, the highest closing price of the Shares was HK\$0.098 per Share as quoted on the Stock Exchange on 6 June 2024 and the lowest closing price of the Shares was HK\$0.05 per Share as quoted on the Stock Exchange on 19 August 2024.

## **Value and total consideration of the Offers**

As at the date of this joint announcement, there are 179,600,000 Shares in issue. Assuming there is no change in the total number of issued Shares, there would be 215,520,000 Shares in issue upon the Share Subscription Completion. On the basis of the Share Offer Price at HK\$0.10 per Share, the entire issued share capital of the Company would be valued at approximately HK\$21.6 million upon the Share Subscription Completion.

### ***Assuming that there is no change in the total number of issued Shares upon the Share Subscription Completion***

Assuming that there is no change in the total number of issued Shares, upon the Share Subscription Completion, the Offeror will be interested in 109,613,706 Shares and 105,906,294 Shares not already owned or agreed to be acquired by the Offeror and the parties acting in concert with it will be subject to the Share Offer and the consideration of the Share Offer is therefore valued at approximately HK\$10.6 million based on the Share Offer Price and the basis of full acceptance of the Share Offer.

Assuming the Convertible Notes Offer is accepted in full, the consideration of the Convertible Notes Offer is valued at approximately HK\$163,935. As such, the total consideration of the Offers is valued at approximately HK\$10.8 million.

### ***Assuming the Convertible Notes are converted into 1,639,344 new Shares in full and there is no other change in the total number of issued Shares upon the Share Subscription Completion***

Assuming the Convertible Notes are converted into 1,639,344 new Shares in full and there is no other change in the total number of issued Shares, there would be 217,159,344 Shares in issue upon the Share Subscription Completion. The Offeror will be interested in 109,613,706 Shares and 107,545,638 Shares not already owned or agreed to be acquired by the Offeror and the parties acting in concert with it will be subject to the Share Offer. Based on the Offer Price of HK\$0.10 per Offer Share for 107,545,638 Offer Shares, the value of the Share Offer is approximately HK\$10.8 million and no amount shall be payable by the Offeror under the Convertible Notes Offer. As such, the total consideration of the Offers is valued at approximately HK\$10.8 million.

## **Confirmation of financial resources available for the Offers**

The Offeror intends to finance the consideration for the Offers by its own internal resources. Donvex Capital, being the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the maximum payment obligations upon full acceptance of the Share Offer in respect of 105,906,294 Offer Shares and the Convertible Notes Offer.



## **Effect of accepting the Offers**

The Offers will be unconditional in all respects when they are made.

By accepting the Share Offer, provided that valid acceptance forms and the relevant certificate(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order and have been received by the branch share registrar of the Company in Hong Kong, the Shareholders will sell their tendered Shares to the Offeror free from all liens, claims, charges, options, equities, adverse interests, third party rights or Encumbrances whatsoever and together with all rights accruing or attaching thereto, including without limitation, the right to receive all dividends and distributions declared, paid or made, if any, on or after the date on which the Share Offer is made, being the date of despatch of the Composite Document.

Acceptance of the Convertible Notes Offer by any Convertible Noteholders shall be made subject to the terms and conditions of the Convertible Notes. Details of the terms and conditions of the Convertible Notes are set out in the circular of the Company dated 31 March 2014. Pursuant to the terms and conditions of the Convertible Notes, the Convertible Notes may not be transferred to a connected person of the Company without the prior written consent of the Company. It is the Company's intention to grant the consent to the Convertible Noteholders to transfer the Convertible Notes to the Offeror in the event the Convertible Noteholders accept the Convertible Notes Offer. Save for the above, the Offeror and the Company are not aware of any terms and conditions that may affect the acceptance of the Convertible Notes Offer by the Convertible Noteholders.

Acceptance of the Offers will be governed and construed in accordance with all the applicable laws and regulations of all relevant jurisdictions in connection therewith. The Shareholders and Convertible Noteholders shall fully observe the applicable laws and regulations, and tender acceptances that are valid and binding, and as permitted under the applicable laws and regulations.

As at the date of this joint announcement, no dividend and other distribution has been paid or declared by the Company and it is advised by the Board that no dividend and other distribution is expected to be paid or declared during the Offer Period.

Acceptance of the Offers will be irrevocable and not be capable of being withdrawn except with the consent of the Executive.



**Shareholders are reminded to read the recommendations of the Takeovers Code Independent Board Committee and the advice of the Independent Financial Adviser appointed by the Takeovers Code Independent Board Committee in respect of the Offers which will be included in the Composite Document.**

## **Payment**

Payment in cash in respect of acceptances of the Offers will be made pursuant to Rule 20.1 of the Takeovers Code as soon as possible but in any event no later than seven (7) Business Days following the date on which the duly completed acceptance forms of the Offers and the relevant documents of title of the Offer Shares or the Convertible Notes in respect of such acceptance are received by the Offeror to render such acceptance complete and valid pursuant to Note 1 to Rule 30.2 of the Takeovers Code.

No fractions of a cent (HK\$) will be payable and the amount of the consideration payable to a Shareholder or a Convertible Noteholder who accepts the Offers will be rounded up to the nearest cent (HK\$).

## **Stamp duty**

The seller's Hong Kong ad valorem stamp duty payable by the Independent Shareholders who accept the Share Offer and calculated at a rate of 0.1% of the higher of (i) the market value of the Offer Shares; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is higher, will be deducted from the amount payable by the Offeror to such person on acceptance of the Share Offer.

The seller's Hong Kong ad valorem stamp duty (if any) payable by the Noteholders who accept the Convertible Notes Offer and calculated at a rate of 0.1% of the higher of (i) the market value of the Convertible Notes; or (ii) the consideration payable by the Offeror in respect of the relevant acceptances of the Convertible Notes Offer, whichever is higher, will be deducted from the amount payable by the Offeror to such person on acceptance of the Convertible Notes Offer.

The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Independent Shareholders and the Convertible Noteholders who accept the Offers and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptances of the Offers and the transfers of the Offer Shares or the Convertible Notes in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

## **Taxation advice**

Shareholders and the Convertible Noteholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offers. It is emphasised that none of the Offeror, parties acting in concert with the Offeror, the Company, Kingston Securities, Donvex Capital, or any of their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers accept responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

## **Overseas Independent Shareholders and Overseas Convertible Noteholders**

The Offeror intends to make the Offers available to all Independent Shareholders and all Convertible Noteholders, including those with a registered address in a jurisdiction outside Hong Kong. The availability of the Offers to persons with a registered address in a jurisdiction outside Hong Kong may be affected by the laws of the relevant overseas jurisdictions. The making of the Offers to a person with a registered address in a jurisdiction outside Hong Kong may be affected by the applicable laws and regulations of the relevant jurisdiction. Overseas Shareholders and overseas Convertible Noteholders with registered addresses in jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal or regulatory requirements or restrictions in their own jurisdictions in connection with the acceptance of the Offers (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders and overseas Convertible Noteholders in respect of such jurisdictions).

Any acceptance of the Offers by any Overseas Independent Shareholder and overseas Convertible Noteholders will be deemed to constitute a representation and warranty from such Overseas Independent Shareholder and overseas Convertible Noteholders to the Offeror that the local laws and requirements have been complied with. The Overseas Independent Shareholders and overseas Convertible Noteholders should consult their professional advisers if in doubt.

As at the date of this joint announcement, the Company has identified more than 500 Overseas Independent Shareholders with registered address in Singapore and 1 overseas Convertible Noteholder with registered address in the People's Republic of China. It is the intention of the Offeror and the Company to despatch the composite document in relation to the Offers to Overseas Independent Shareholders and overseas Convertible Noteholders.

## INFORMATION ON THE COMPANY AND THE GROUP

The Company is incorporated in Bermuda with limited liability, the Shares of which are currently listed on the Stock Exchange (stock code: 58). The Group principally engaged in manufacturing and trading of pre-stressed high strength concrete piles, ready-mixed concrete, autoclaved sand-lime bricks, aerated concrete products and eco-permeable concrete products. The products are sold to customers located in Yangjiang City and its surrounding cities in the Guangdong Province in the People's Republic of China.

The following table sets out a summary of certain financial information of the Group:

	<b>For the six months ended 30 June 2024 (unaudited) HK\$'000</b>	For the year ended 31 December 2023 (audited) HK\$'000	For the year ended 31 December 2022 (audited) HK\$'000
Revenue	<b>100,511</b>	246,531	451,115
Loss before income tax	<b>(24,459)</b>	(63,887)	(52,580)
Loss for the period/year	<b>(19,099)</b>	(64,262)	(45,384)
	<b>As at 30 June 2024 (unaudited) HK\$'000</b>	As at 31 December 2023 (audited) HK\$'000	As at 31 December 2022 (audited) HK\$'000
Net assets attributable to owners of the Company	<b>76,318</b>	91,961	139,785
Net assets	<b>114,315</b>	135,674	203,435

## INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in Hong Kong with limited liability principally engaged in investment holding, which is a controlling shareholder of the Company as at the date of this joint announcement. Pursuant to a sale and purchase agreement dated 6 September 2024 entered into between Mr. Chim Sai Yau Oscar as the vendor and Mr. Chim as the purchaser (the “**2024 SPA**”) and a concert party agreement dated 6 September 2024 entered into between Mr. Chim Sai Yau Oscar and Mr. Chim (the “**Concert Party Agreement**”), the entire issued shareholding in the Offeror was transferred from Mr. Chim Sai Yau Oscar to Mr. Chim at the consideration of HK\$5,158,559.42. The consideration was fully settled on 6 September 2024 by Mr. Chim by way of cheque in favour of Mr. Chim Sai Yau Oscar. According to the Concert Party Agreement, Mr. Chim and Mr. Chim Sai Yau Oscar shall be acting in concert for all matters in relation to the 2024 SPA and the Share Subscription Agreement. Completion of the 2024 SPA took place on 6 September 2024. As at the date of this joint announcement, Mr. Chim is the sole director and sole shareholder of the Offeror.

As a result of the completion of the 2024 SPA, Mr. Chim would acquire an indirect control of 30% or more of the voting rights of the Company, and would trigger a mandatory general offer obligation under Rule 26.1 of the Takeovers Code if no waiver is obtained. Despite Mr. Chim and Mr. Chim Sai Yau Oscar are acting in concert pursuant to the Concert Party Agreement, the Executive should be consulted in all cases where any obligations arise under Rule 26 of the Takeovers Code pursuant to Note 8 to Rule 26.1 of the Takeovers Code. As no waiver was applied for prior to the completion of the 2024 SPA, the completion of the 2024 SPA had resulted in a breach of Rule 26 of the Takeovers Code as no mandatory general offer was made.

On 20 September 2024, the Offeror has submitted a waiver application to the Executive that the Offeror is not obliged to make a general offer for all relevant securities of the Company under Rule 26.1 and Rule 13 of the Takeovers Code as a result of the completion of the 2024 SPA (the “**Waiver**”). The Offeror apologises for the inadvertent delay in the application of the Waiver prior to the completion of the 2024 SPA, and will take measures to ensure full and prompt compliance with the Takeovers Code in the future.

Mr. Chim, aged 78, was a member of the Legislative Council of Hong Kong, representing the Financial Services Functional Constituency, for the period from 1991 to 1998 and from 2004 to 2012. Mr. Chim does not have any experience in managing the business of the Group. As stated in the section headed “Proposed Change of Board Composition”, the Offeror has no intention to make any change to the composition of the Board as at the date of this joint announcement, and Mr. Chim has no intention to participate in the business management of the Group. In the past years, he had been the directors of various companies listed on the main board of Stock Exchange. Mr. Chim was a Director of Hing Yip Holdings

Limited (formerly known as “China Investments Holdings Limited”) (stock code: 0132) from 1989 to 1990; Managing Director of Goldin Properties Holdings Limited (formerly known as “Wai Yick Investment Company Limited”) (stock code: 0283) from 1990 to 1991; Chairman of SMI Holdings Group Limited (formerly known as “Lucky Man Holdings Limited”) (stock code: 0198) from 1994 to 1995; Chairman of Grand Field Group Holdings Limited (stock code: 0115) from 1994 to 1996; and Chairman and Executive Director of Rich Goldman Holdings Limited (formerly known as “Mandarin Resources Corporation Limited”) (stock code: 0070) from 1994 to 1996.

As at the date of this joint announcement, Mr. Chim is interested in the 73,693,706 Shares of the Company owned by the Subscriber, which represented approximately 41.03% of the issued share capital in the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

## **INTENTION OF THE OFFEROR IN RELATION TO THE GROUP**

It is the intention of the Offeror that the Group will continue with its existing principal businesses after the close of the Offers and will maintain the listing status of the Company on the Stock Exchange. The Group is principally engaged in manufacturing and trading of pre-stressed high strength concrete piles, ready-mixed concrete, autoclaved sand-lime bricks, aerated concrete products and eco-permeable concrete products.

The Offeror will conduct a review on the existing principal businesses and the financial position of the Group for the purpose of formulating business plans and strategies for the future business development of the Group. In this regard, the Offeror may look into business opportunities and consider whether any asset disposals, asset acquisitions, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Company. Should such corporate actions materialise, further announcement(s) will be made in accordance with the Listing Rules as and when appropriate. As at the date of this joint announcement, the Offeror has no intention or plans for any acquisition of assets and/or business, nor any intention to dispose of any assets and/or existing business by the Group.

Save for the Offeror’s intention regarding the Group as set out above, the Offeror has no intention to (i) discontinue the employment of any employees of the Group; or (ii) re-deploy the fixed assets of the Group other than those in its ordinary and usual course of business.

## **PROPOSED CHANGE OF BOARD COMPOSITION**

As at the date of this joint announcement, the Board comprises one executive Director, namely Mr. Law Chun Choi, one non-executive Director, namely, Mr. Lum Pak Sum, and three independent non-executive Directors, namely, Mr. Choi Pun Lap, Mr. Yu Shui Sang Bernard and Mr. Wong Yue Kwan Alan.

The Offeror did not propose to nominate any new Directors to the Board. Meanwhile, the Offeror has no intention to make any change to the composition of the Board as at the date of this joint announcement.

## **MAINTAINING THE LISTING STATUS OF THE COMPANY**

The Offeror intends the issued Shares to remain listed on the Stock Exchange upon the close of the Offers.

The Stock Exchange has stated that if, at the closing of the Offers, less than the minimum prescribed percentage applicable to the listed issuer, being 25% of the issued Shares (excluding treasury shares), are held by the public or if the Stock Exchange believes that:

- (i) a false market exists or may exist in the trading of the Shares; or
- (ii) there are insufficient Shares in public hands to maintain an orderly market,

the Stock Exchange will consider exercising its discretion to suspend trading in the Shares.

The Offeror intends the Company to remain listed on the Stock Exchange. The sole director of the Offeror will undertake to the Stock Exchange to take appropriate steps as soon as possible following the close of the Offers to ensure that sufficient public float (i.e. not less than 25% of the issued Shares) exists in the Shares.

## **DEALING AND INTERESTS IN THE COMPANY'S SECURITIES**

As at the date of this joint announcement,

- (i) save for the Share Subscription Agreement and the CB Subscription Agreement, and excluding the 73,693,706 Shares already owned by the Offeror and parties acting in concert with it, none of the Offeror and parties acting in concert with it has dealt in or owned any Shares, warrants, options, derivatives or other securities convertible into Shares during the period commencing six months preceding the date of this joint announcement and up to the date of this joint announcement;



- (ii) save for the Subscription Shares to be allotted and issued to the Offeror subject to the fulfillment of the conditions under the Share Subscription Agreement, the Convertible Bonds to be issued to the Offeror upon completion of the CB Subscription Agreement, and excluding the 73,693,706 Shares already owned by the Offeror and parties acting in concert with it, none of the Offeror and parties acting in concert with it holds, owns or has control or direction over any voting rights or rights over Shares or convertible securities, warrants, options or derivatives of the Company;
- (iii) none of the Offeror and parties acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- (iv) save for the Share Subscription Agreement and the CB Subscription Agreement, there is no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares which might be material to the Offers;
- (v) save for the Share Subscription Agreement, there is no agreement or arrangement to which the Offeror or parties acting in concert with it is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or condition to the Offers;
- (vi) none of the Offeror and parties acting in concert with it has received any irrevocable commitment(s) to accept or reject the Offers;
- (vii) other than the consideration paid by the Offeror to the Company under the Share Subscription Agreement and the CB Subscription Agreement, there is no other consideration, compensation or benefits paid by or to be paid by the Offeror and parties acting in concert with it;
- (viii) save for the Share Subscription Agreement and the CB Subscription Agreement, there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror or any parties acting in concert with it on the one hand, and the Company, its subsidiaries and any parties acting in concert with any of them on the other hand;
- (ix) there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Offeror or any parties acting in concert with it on the one hand, and the Shareholders on the other hand; and
- (x) there is no understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (1) any Shareholder; and (2)(a) the Offeror and any party acting in concert with it, or (b) the Company, its subsidiaries or associated companies.



## **TAKEOVERS CODE INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER OF THE COMPANY**

Pursuant to Rule 2.1 of the Takeovers Code, the Takeovers Code Independent Board Committee comprising all the non-executive Directors who have no direct or indirect interest in the Offers, comprising one non-executive Director, namely, Mr. Lum Pak Sum and three independent non-executive Directors, namely, Mr. Choi Pun Lap, Mr. Yu Shui Sang Bernard and Mr. Wong Yue Kwan Alan, has been established to advise the Independent Shareholders and the Convertible Noteholders as to whether the Offers are fair and reasonable and as to their acceptance.

The Independent Financial Adviser will be appointed to advise the Takeovers Code Independent Board Committee in respect of the Offers and, in particular, as to whether the Offers are fair and reasonable and as to their acceptance.

A further announcement will be made by the Company as soon as possible after the appointment of the Independent Financial Adviser. The advice of the Independent Financial Adviser and the recommendations of the Takeovers Code Independent Board Committee will be included in the Composite Document to be despatched to the Shareholders.

## **COMPOSITE DOCUMENT**

Subject to the Share Subscription Completion, if the Offers are made, it is the intention of the Offeror and the Company that the offer document from the Offeror and the offeree board circular from the Company be combined into a Composite Document and be jointly despatched by the Offeror and the Company to the Independent Shareholders and the Convertible Noteholders in accordance with the requirements of the Takeovers Code after the Share Subscription Completion takes place. In accordance with Rule 8.2 of the Takeovers Code, the Composite Document containing, amongst other things: (i) details of the Offers (including the expected timetable); (ii) a letter of recommendation from the Takeovers Code Independent Board Committee to the Independent Shareholders and the Convertible Noteholders in relation to the Offers; and (iii) a letter of advice from the Independent Financial Adviser to the Takeovers Code Independent Board Committee, the Independent Shareholders and the Convertible Noteholders in relation to the Offers, together with the relevant forms of acceptance and transfer, are required to be despatched to the Shareholders and the Convertible Noteholders no later than 21 days of the date of this joint announcement or such later date as the Executive may approve.

However, as the making of the Offers is subject to the Share Subscription Completion, which in turn is subject to satisfaction of the respective Conditions Precedent which are not expected to be satisfied within 21 days of this joint announcement, the Offeror will make an application to the Executive under Note 2 to Rule 8.2 of the Takeovers Code for the Executive's consent to extend the date of despatch of the Composite Document to a date falling no later than 7 days after the Share Subscription Completion or such other date as the Executive may approve.

Further announcement(s) will be made by the Offeror and the Company on the timing of the despatch of the Composite Document.

**Shareholders and potential investors should note that the Takeovers Code Independent Board Committee has yet to consider and evaluate the Offers. This joint announcement is made in compliance with the Takeovers Code for the purpose of, amongst other things, informing Shareholders of the fact that the Company has been informed that the Offers will be made pursuant to Rule 26.1 and Rule 13 of the Takeovers Code. The Independent Shareholders and the Convertible Noteholders are encouraged to read the Composite Document carefully, including the advice of the Independent Financial Adviser to the Takeovers Code Independent Board Committee and the recommendation from the Takeovers Code Independent Board Committee to the Independent Shareholders and the Convertible Noteholders in respect of the Offers, before deciding whether or not to accept the Offers.**

## **DEALINGS DISCLOSURE**

In accordance with Rule 3.8 of the Takeovers Code, the respective associates of the Company and the Offeror (as defined under the Takeovers Code, including persons holding 5% or more of a class of relevant securities issued by the Company or the Offeror) are hereby reminded to disclose their dealings in any securities of the Offeror and the Company pursuant to Rule 22 of the Takeovers Code. In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

### ***“Responsibilities of stockbrokers, banks and other intermediaries***

*Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7-day period is less than HK\$1 million.*

*This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.*

*Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”*

### **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 9 September 2024 pending the release of this joint announcement. An 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 30 September 2024.

### **WARNING**

**Completion of the Share Subscription and the CB Subscription is subject to the fulfilment of their respective conditions precedent as set out in this joint announcement, and may or may not proceed.**

**Shareholders and/or potential investors of the Company should note that, as the making of the Offers is subject to the Share Subscription Completion which in turn is subject to the satisfaction (or waiver as the case may be) of a number of conditions, the Offers may or may not be made. Accordingly, the issue of this joint announcement does not imply that the Offers will be made or will be completed. Shareholders and potential investors of the Company should also note that the Share Subscription Completion is subject to the fulfilment of certain conditions (including the approval of the Listing Rules Independent Shareholders), which may or may not be satisfied.**

**The Directors make no recommendation as to the fairness or reasonableness of the Offers or as to the acceptance of the Offers in this joint announcement, and strongly recommend the Independent Shareholders and the Convertible Noteholders not to form a view on the Offers unless and until they have received and read the Composite Document, including the recommendations of the Takeovers Code Independent Board Committee in respect of the Offers and a letter of advice from the Independent Financial Adviser.**

**Shareholders and potential investors of the Company should therefore exercise caution when dealing in the Shares. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.**

## **DEFINITIONS**

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

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate(s)”	has the meaning ascribed to it under the Takeovers Code, unless the context otherwise specifies
“Board”	the board of Directors
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“CB Completion”	the completion of the issuance of the Convertible Bonds in accordance with the terms and conditions of the CB Subscription Agreement
“CB Specific Mandate”	the specific mandate proposed to be obtained from the Listing Rules Independent Shareholders at the SGM to issue the Convertible Bonds to the Subscriber
“CB Subscription”	the issuance of the Convertible Bonds by the Company to the Subscriber under the CB Subscription Agreement
“CB Subscription Agreement”	the CB Subscription Agreement dated 6 September 2024 entered into amongst the Subscriber and the Company in relation to the Convertible Bonds

“CB Subscription Price”	the subscription price of HK\$30,000,000 pursuant to the CB Subscription Agreement
“Closing Date”	the date to be stated in the Composite Document as the closing date of the Offers or any subsequent closing date as may be announced by the Offeror and approved by the Executive
“Company”	Sunway International Holdings Limited (stock code: 58), a company incorporated in Bermuda with limited liability and the Shares are listed on the Main Board of the Stock Exchange
“Composite Document”	the composite offer and response document to be jointly issued by the Offeror and the Company in accordance with the Takeovers Code containing, among other things, details of the Offers, the recommendation from the Takeovers Code Independent Board Committee to the Independent Shareholders and the Convertible Noteholders and the advice from the Independent Financial Adviser to the Takeovers Code Independent Board Committee in respect of the Offers
“Conditions Precedent”	the conditions precedent under the Share Subscription Agreement
“Convertible Bonds”	the 1-year nil interest convertible bonds in the principal amount of HK\$30,000,000 due 2025
“Convertible Noteholder(s)”	the holder of the Convertible Note(s) from time to time
“Convertible Notes”	the outstanding convertible notes due on 28 April 2017 in the principal amount of HK\$15,000,000 which could be convertible into a total of 1,639,344 new conversion Shares at the conversion price of HK\$9.15 per conversion share
“Convertible Notes Offer”	the mandatory unconditional cash offer to be made by Kingston Securities for and on behalf of the Offeror to acquire the Convertible Notes in accordance with the terms described in this joint announcement

“Director(s)”	the director(s) of the Company from time to time
“Donvex Capital”	Donvex Capital Limited, the financial adviser of the Offeror in respect of the Offers, and a corporation licensed to carry on business in type 6 (advising on corporate finance) regulated activity under the SFO
“Encumbrances”	includes any option, right to acquire, right of pre-emption, mortgage, charge, pledge, lien, hypothecation, title retention, right of set off, claim, counterclaim, trust arrangement or other security, any equity or restriction (including any restriction imposed under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) or other adverse rights and interests of all kinds and descriptions)
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Financial Adviser”	the independent financial adviser to be appointed by the Company with the approval of (i) the Listing Rules Independent Board Committee and (ii) the Takeovers Code Independent Board Committee for the purpose of advising (i) the Listing Rules Independent Board Committee and the Listing Rules Independent Shareholders in respect of the Share Subscription Agreement and the granting of the Specific Mandate and (ii) the Takeovers Code Independent Board Committee in respect of the Offers and as to their acceptance
“Independent Shareholders”	the Shareholders other than the Offeror and the parties acting in concert with it

“Kingston Securities”	Kingston Securities Limited, a licensed corporation under the SFO to carry out Type 1 (dealing in securities) regulated activity under the SFO
“Last Trading Day”	5 September 2024, the last trading day for the Shares prior to the halt of trading in the Shares prior to the release of this joint announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Listing Rules Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors who have no direct or indirect interest in the Share Subscription and the CB Subscription, established for the purpose of advising the Listing Rules Independent Shareholders in respect of the Share Subscription and the CB Subscription and in particular as to whether the terms of the Share Subscription and the CB Subscription are fair and reasonable
“Listing Rules Independent Shareholders”	the Shareholders other than the Offeror and its associates (as defined under the Listing Rules)
“Long Stop Date”	5 December 2024 (or such other date as the Company and the Subscriber may agree in writing)
“Main Board”	the main board maintained and operated by the Stock Exchange
“Material Adverse Effect”	an event or circumstance, occurrence or any combination thereof arising or occurring, the effect of which is reasonably likely to have a material adverse effect on (i) the business, operations, assets, liabilities (including contingent liabilities), business or financial condition, results or prospects of the Group as a whole, or (ii) the ability of the Company to perform its obligations in the CB Subscription Agreement; provided that (a) any change that generally affects the industries or markets in which the Group operates, (b) any change in the financial markets or general economic or political conditions, (c) any change in law or any accounting principle applicable to the Group shall not be taken as a “Material Adverse Effect”



“Maturity Date”	the calendar day immediately before the first anniversary date of the initial issue date of the Convertible Bonds
“Mr. Chim”	Mr. Chim Pui Chung, the sole shareholder and sole director of the Offeror
“Offer Period”	has the meaning ascribed to it under the Takeovers Code which commences on the date of this joint announcement and ends on the date on which the Offers close or lapse
“Offer Share(s)”	the Shares (other than those already owned or to be acquired by the Offeror or parties acting in concert with it) that are subject to the Share Offer
“Offeror” or “Subscriber”	Wealthy Port Holdings Limited, a company incorporated in Hong Kong with limited liability and a controlling shareholder of the Company as at the date of this joint announcement, which is beneficially and wholly owned by Mr. Chim
“Offers”	the Share Offer and the Convertible Notes Offer (as the case may be)
“Overseas Independent Shareholders”	Independent Shareholders whose addresses as shown on the register of members of the Company are outside Hong Kong
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Offer”	the mandatory unconditional cash offer to be made by Kingston Securities for and on behalf of the Offeror for all the Offer Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) in accordance with the Takeovers Code
“Share Offer Price”	HK\$0.10 per Offer Share

“Share Subscription”	the subscription of the Subscription Shares by the Offeror under the Share Subscription Agreement
“Share Subscription Agreement”	the Share Subscription Agreement dated 6 September 2024 entered into amongst the Offeror and the Company in relation to the Subscription Shares
“Share Subscription Completion”	the completion of the subscription of the Subscription Shares in accordance with the terms and conditions of the Share Subscription Agreement
“Share Subscription Price”	HK\$0.100, being the higher of the average closing price per Share as quoted on the Stock Exchange for the 5 consecutive trading days prior to the date of the Share Subscription Agreement, and the nominal Share value of HK\$0.100 per Share
“Share Subscription Specific Mandate”	the specific mandate proposed to be obtained from the Listing Rules Independent Shareholders at the SGM to issue the Subscription Shares to the Subscriber
“Share(s)”	the ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Shares”	an aggregate of 35,920,000 Shares to be subscribed by the Subscriber upon Subscription Completion
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers

“Takeovers Code Independent Board Committee” an independent committee of the Board comprising all the non-executive Directors who have no direct or indirect interest in the Offers, established for the purpose of advising the Independent Shareholders and the Convertible Noteholders in respect of the Offers and in particular as to whether the Offers are fair and reasonable and as to acceptance of the Offers

“%” per cent.

By order of the board of directors  
**WEALTHY PORT HOLDINGS LIMITED**  
**Chim Pui Chung**  
*Sole Director*

By Order of the Board  
**SUNWAY INTERNATIONAL HOLDINGS LIMITED**  
**Law Chun Choi**  
*Executive Director and Company Secretary*

Hong Kong, 27 September 2024

*As at the date of this joint announcement, the sole director of the Offeror is Mr. Chim.*

*The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this joint announcement (other than information relating to the Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statement in this joint announcement misleading.*

*As at the date of this joint announcement, the Board comprises one executive Director, namely, Mr. Law Chun Choi, one non-executive Director, namely, Mr. Lum Pak Sum, and three independent non-executive Directors, namely, Mr. Choi Pun Lap, Mr. Yu Shui Sang Bernard and Mr. Wong Yue Kwan Alan.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than those relating to the Offeror and parties acting in concert with it), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the sole director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statements in this joint announcement misleading.*

Website: <http://www.hk0058.com>

\* For identification purposes only