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CHINA SAITE GROUP COMPANY LIMITED

中國賽特集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 153)

(1) SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE AND (2) SECOND SUPPLEMENTAL AGREEMENT TO THE NOTE PURCHASE AGREEMENT

SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

On 10 December 2021, the Company entered into the Subscription Agreements with the Subscribers, pursuant to which the Subscribers agreed to subscribe for, and the Company agreed to allot and issue, an aggregate of 3,120,000,000 Subscription Shares at the Subscription Price of HK\$0.10 per Subscription Share. Subscriber I agreed to subscribe for 300,000,000 Subscription Shares, whereas Subscriber II and Subscriber III agreed to subscribe for 1,360,000,000 Subscription Shares and 1,460,000,000 Subscription Shares, respectively.

The Subscription Shares represent (i) approximately 103.3% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 50.8% of the issued share capital of the Company as enlarged by the proposed allotment and issue of the Subscription Shares (assuming there will be no other changes in the issued share capital of the Company between the date of this announcement and the Completion). The Subscription is subject to various conditions set out below under the paragraph headed “Conditions Precedent” in this announcement.

The Subscription Price of HK\$0.1 per Subscription Share represents (i) a discount of approximately 3.8% over the last Closing Price of HK\$0.104 per Share quoted on the Stock Exchange on the Last Trading Date; (ii) a discount of approximately 2.7% over the average Closing Price of HK\$0.1028 per Share quoted on the Stock Exchange for the five consecutive Trading Days up to and including the Last Trading Date; and (iii) a discount of approximately 3.8% to the average Closing Price of approximately HK\$0.104 per Share as quoted on the Stock Exchange for the 10 consecutive Trading Days up to and including the Last Trading Date.

The aggregated gross proceeds from the Subscription are HK\$312,000,000 and the net proceeds, after deducting all related fees and expenses, are expected to be approximately HK\$311,000,000. The Board intends to use the proceeds from the Subscription for raising (i) sufficient funds to implement a possible debt restructuring by way of a scheme of arrangement under the Companies Ordinance of Hong Kong (Chapter 622 of the Laws of Hong Kong) and (ii) additional working capital to sustain the business operations of the Group.

SECOND SUPPLEMENTAL AGREEMENT TO THE NOTE PURCHASE AGREEMENT

Reference is made to the announcement of the Company dated 5 October 2021 (i.e. the Announcement) in relation to, among others, the issue of the senior notes in an aggregate principal amount of HK\$160,000,000, the entering into of the note purchase agreements and the supplemental agreements. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

On 13 September 2021, subject to the terms and conditions of the Note Purchase Agreement I, the Company agreed to issue to Investor I (i.e. 安徽洪林鋼結構制造有限公司 (Anhui Honglin Steel Structure Manufacturing Co., Ltd.*), and Investor I agreed to purchase, the Senior Notes in an aggregate principal amount up to HK\$55,000,000. On 5 October 2021, the Company further entered into the Supplemental Agreement I with Investor I to supplement the terms of the Note Purchase Agreement I. For further details of the Note Purchase Agreements and the Supplemental Agreements, please refer to the Announcement.

On 10 December 2021, the Company entered into the Second Supplemental Agreement with Investor I, pursuant to which the Company and Investor I agreed, among others, that (i) the conversion price shall be changed from HK\$0.08 per Share to HK\$0.1 per Share in respect of its right to convert the Outstanding Principal (which shall be in the minimum amount of HK\$1,000,000) under the Senior Notes into such number of Conversion Shares within the Conversion Period pursuant to the Note Purchase Agreement I, and (ii) in light of the change of conversion price, the maximum possible number of Shares to be converted pursuant to the Note Purchase Agreement I shall be changed from 687,500,000 to 550,000,000. All other terms and conditions of the Note Purchase Agreement I (as supplemented by the Supplemental Agreement I) shall remain unchanged and in full force and effect.

SPECIFIC MANDATE

The issue of the Subscription Shares is subject to the Shareholders' approval. The Subscription Shares will be issued and allotted pursuant to the Specific Mandate to be sought from the Shareholders at the EGM.

GENERAL

The Subscription is subject to the Shareholders' approval. The EGM will be convened and held for the Shareholders to consider and, if thought fit, to approve (i) the Note Purchase Agreements, (ii) the Supplemental Agreements, (iii) the Second Supplemental Agreement, (iv) the Subscription Agreements and the transactions contemplated thereunder, including the grant of the Specific Mandate for the allotment and issue of the Subscription Shares and the Conversion Shares upon the Notes Conversion and the issue of the Senior Notes.

To the best of the Directors' knowledge, information and belief, no Shareholder is required to abstain from voting at the EGM in respect of the resolution relating to the Subscription.

As for the resolution(s) to approve the Note Purchase Agreements, the Supplemental Agreements, the Second Supplemental Agreement and the transactions contemplated thereunder (including the issue of the Senior Notes and the allotment and issue of the Conversion Shares upon the Notes Conversion and the grant of the Specific Mandate), as stated in the Announcement, Mr. Jiang Jianqiang and Keen Luck Group Limited (both being controlling Shareholders) shall abstain from voting to avoid any actual or perceived conflict of interest. Please refer to the Announcement for further details.

A circular containing, among other things, (i) further details of the Subscription and the Subscription Agreements; (ii) further information of the Note Purchase Agreements, the Supplemental Agreements, the Second Supplemental Agreement and the transactions contemplated thereunder (including the issue of the Senior Notes and the allotment and issue of the Conversion Shares upon the Notes Conversion); (iii) the grant of the Specific Mandate for the allotment and issue of the Subscription Shares and the Conversion Shares upon the Notes Conversion; and (iv) a notice of the EGM, will be dispatched to the Shareholders in due course in accordance with the Listing Rules.

WARNING

According to a letter from the Stock Exchange dated 21 July 2020 to the Company, the Stock Exchange specifies that it will not consider granting listing approval for new shares to the Company in light of its suspension of trading unless and until the Company has satisfied the Stock Exchange its fulfillment of the resumption guidance and re-compliance with the Listing Rules. Completion of the Subscription is subject to the satisfaction of the Conditions under the Subscription Agreements, one of which being the Listing Committee granting the approval for the listing of and permission to deal in all of the Subscription Shares (either unconditionally or subject to conditions) and such permission not having been subsequently revoked or withdrawn. As the Subscription may or may not be completed, the listing approval of the Subscription Shares may or may not be granted, and/or the Subscription Shares may or may not be issued or listed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE SUBSCRIPTION AGREEMENTS

On 10 December 2021, the Company entered into the Subscription Agreements with the Subscribers, pursuant to which the Subscribers agreed to subscribe for, and the Company agreed to allot and issue, an aggregate of 3,120,000,000 Subscription Shares at the Subscription Price of HK\$0.10 per Subscription Share.

The principal terms of each of the Subscription Agreements are substantially the same and are set out below.

Date

10 December 2021

Parties

Subscription Agreement I	(1) the Company, as issuer; and (2) Subscriber I, as subscriber
Subscription Agreement II	(1) the Company, as issuer; and (2) Subscriber II, as subscriber
Subscription Agreement III	(1) the Company, as issuer; and (2) Subscriber III, as subscriber

Subject matter

Subject to the terms and conditions of Subscription Agreement I, Subscriber I agreed to subscribe for, and the Company agreed to allot and issue, 300,000,000 Subscription Shares at the Subscription Price free from all Encumbrances.

Subject to the terms and conditions of Subscription Agreement II, Subscriber II agreed to subscribe for, and the Company agreed to allot and issue, 1,360,000,000 Subscription Shares at the Subscription Price free from all Encumbrances.

Subject to the terms and conditions of Subscription Agreement III, Subscriber III agreed to subscribe for, and the Company agreed to allot and issue, 1,460,000,000 Subscription Shares at the Subscription Price free from all Encumbrances.

The Company agrees that the Subscription Shares shall, when fully paid, rank pari passu in all respects with the other Shares in issue or to be issued by the Company on or prior to the Completion Date, including the rights to dividends and distributions made or declared on or after the Completion Date.

Consideration

In the case of Subscriber I, the Consideration for its respective Subscription Shares shall be HK\$30,000,000.

In the case of Subscriber II, the Consideration for its respective Subscription Shares shall be HK\$136,000,000.

In the case of Subscriber III, the Consideration for its respective Subscription Shares shall be HK\$146,000,000.

The Consideration shall be settled by the respective Subscriber in the following ways:

- (a) 40% of the Consideration, shall be paid or procure to be paid by the respective Subscriber to the Company by way of bank transfer to the bank account(s) designated by the Company within three business days upon execution of the respective Subscription Agreement;
- (b) the balance of the Consideration shall be paid or procure to be paid by the respective Subscriber by way of bank transfer to the Company on the Completion Date.

In the event that the respective Subscription Agreement is terminated, the Company unconditionally and irrevocably agrees that the Company shall fully refund all or any part of the Consideration paid to the respective Subscriber.

Conditions Precedent

Completion is conditional on each of the following Conditions being satisfied on or before the Long Stop Date:

- (a) the warranties given by the Company and respective Subscriber shall be true, correct, accurate, complete and not misleading in any material respects when made, and shall continue to be true, correct, accurate, complete and not misleading in any material respects up to the Completion Date with the same force and effect as if they had been repeated;
- (b) all corporate and other proceedings in connection with the transactions contemplated hereby and all documents and instruments incidental to such transactions shall be reasonably satisfactory in substance and form to the respective Subscriber, and the respective Subscriber shall have received all copies of such documents as it may request;

- (c) the Company shall have obtained any and all approval, license, authorisation, release, order, or consent required to be obtained, or registration, qualification, designation, declaration, filing, notice, statement or other communication required to be filed with or delivered to any authority or any other person, or other document, opinion or assurance which the respective Subscriber considers to be necessary for consummation of the transactions contemplated by the respective Subscription Agreement on or prior to the Completion Date that are required to be obtained on or prior to the Completion Date;
- (d) there not having been any injunction, restraining order or other order or any other legal or regulatory restraint or prohibition having been issued or made by any court of competent jurisdiction or governmental authority in effect precluding or prohibiting consummation of any part of the transactions contemplated under the respective Subscription Agreement;
- (e) there shall not have occurred (i) any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions or currency exchange rates or foreign exchange controls, (ii) a general moratorium on commercial banking activities in Hong Kong, the Cayman Islands by any governmental authority, or (iii) an outbreak or escalation of hostilities or act of terrorism, in each case that has had a material adverse effect on the validity or enforceability of the respective Subscription Agreement and the business carried on or engaged by the Group from time to time;
- (f) save as any information contained in press releases or public announcements of the Company and to the actual and constructive knowledge of the members of the board of directors of the Company, which would have been acquired when exercising the duties and responsibilities of a director in a reasonable manner, there shall not, since the date of the respective Subscription Agreement, have been any adverse change to the condition (financial or otherwise), results of operations, assets, regulatory status, business and prospects of the Company or the Group taken as a whole or the financial markets or economic conditions in general that has had a material adverse effect on the validity or enforceability of the respective Subscription Agreement and the business carried on or engaged by the Group from time to time;
- (g) the resumption proposal having been submitted to the Stock Exchange and the approval in-principle having been received from the Stock Exchange and such approval not having been subsequently revoked or withdrawn;
- (h) the listing of and permission to deal in all of the Subscription Shares having been granted by the Listing Committee of the Stock Exchange (either unconditionally or subject to conditions) and such permission not having been subsequently revoked or withdrawn; and
- (i) the Shares of the Company remaining listed on the Main Board of the Stock Exchange.

Completion

Subject to the terms and conditions of the respective Subscription Agreement and the fulfilment of all the Conditions set out on or before the Long Stop Date, Completion shall take place on the 5th Business Day after the day on which the last of the Conditions is fulfilled (or such other date as may be agreed by the Subscriber and the Company in writing) and the following business will be transacted:

- (a) the Subscriber shall pay or procure to be paid the balance of the Consideration by bank transfer or such other means as may be agreed by the Company and respective Subscriber in writing;
- (b) the Company shall register or cause to be registered the name of the respective Subscriber in the Company's share register and deliver the new share certificate to the respective Subscriber reflecting the ownership of its Subscription Shares.

If the Completion does not take place in accordance with the respective Subscription Agreement, the respective Subscription Agreement shall terminate immediately thereafter and forthwith become void and there shall be no liability on the part of any party or its partners, officers, directors or shareholders save for obligations under clauses as expressly stated in the respective Subscription Agreement.

WARNING

According to a letter from the Stock Exchange dated 21 July 2020 to the Company, the Stock Exchange specifies that it will not consider granting listing approval for new shares to the Company in light of its suspension of trading unless and until the Company has satisfied the Stock Exchange its fulfillment of the resumption guidance and re-compliance with the Listing Rules. Completion of the Subscription is subject to the satisfaction of the Conditions under the Subscription Agreements, one of which being the Listing Committee granting the approval for the listing of and permission to deal in all of the Subscription Shares (either unconditionally or subject to conditions) and such permission not having been subsequently revoked or withdrawn. As the Subscription may or may not be completed, the listing approval of the Subscription Shares may or may not be granted, and/or the Subscription Shares may or may not be issued or listed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

SECOND SUPPLEMENTAL AGREEMENT TO THE NOTE PURCHASE AGREEMENT

Reference is made to the Announcement. On 13 September 2021, subject to the terms and conditions of the Note Purchase Agreement I, the Company agreed to issue to Investor I (i.e. 安徽洪林鋼結構制造有限公司 (Anhui Honglin Steel Structure Manufacturing Co., Ltd.*), and Investor I agreed to purchase, the Senior Notes in an aggregate principal amount up to HK\$55,000,000. On 5 October 2021, the Company further entered into the Supplemental Agreement I with Investor I to supplement the terms of the Note Purchase Agreement I. For further details of the Note Purchase Agreements and the Supplemental Agreements, please refer to the Announcement.

On 10 December 2021, the Company entered into the Second Supplemental Agreement with Investor I, pursuant to which the Company and Investor I agreed, among others, that

- (i) the conversion price shall be changed from HK\$0.08 per Share to HK\$0.1 per Share in respect of its right to convert the Outstanding Principal (which shall be in the minimum amount of HK\$1,000,000) under the Senior Notes into such number of Conversion Shares within the Conversion Period pursuant to the Note Purchase Agreement I;
- (ii) in light of the change of the conversion price, the maximum possible number of Shares to be converted pursuant to the Note Purchase Agreement I shall be changed from 687,500,000 to 550,000,000; and
- (iii) all other terms and conditions of the Note Purchase Agreement I (as supplemented by the Supplemental Agreement I) shall remain unchanged and in full force and effect.

SUBSCRIPTION PRICE AND SUBSCRIPTION SHARES

The Subscription Price of HK\$0.1 per Subscription Share represents:

- (i) a discount of approximately 3.8% over the last Closing Price of HK\$0.104 per Share quoted on the Stock Exchange on the Last Trading Date;
- (ii) a discount of approximately 2.7% over the average Closing Price of HK\$0.1028 per Share quoted on the Stock Exchange for the five consecutive Trading Days up to and including the Last Trading Date; and
- (iii) a discount of approximately 3.8% to the average Closing Price of approximately HK\$0.104 per Share as quoted on the Stock Exchange for the 10 consecutive Trading Days up to and including the Last Trading Date.

The Subscription Price was determined after arm's length negotiation between the Company and the Subscribers with reference to the latest trading prices of the Shares on the Stock Exchange and the results and prospects of the Company. The Directors (including the independent non-executive Directors) are of the view that the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Subscription Shares will rank, upon issue, pari passu in all respects with the Shares in issue on the date of allotment and issue of the Subscription Shares.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The table below set out a summary of the shareholding structure of the Company (i) as at the date of this announcement; (ii) upon full conversion of the Senior Notes at conversion price of HK\$0.1 and (iii) upon full conversion of the Senior Notes at conversion price of HK\$0.1 and the issue of the Subscription Shares:

Shareholders	As at the date of this announcement		Immediately after the issue of the Conversion Shares upon full conversion of the Senior Notes at conversion price of HK\$0.1		Immediately after the issue of the Conversion Shares and the Subscription Shares upon (i) full conversion of the Senior Notes at conversion price of HK\$0.1 and (ii) the issue of the Subscription Shares	
	Number of		Number of		Number of	
	Shares	%	Shares	%	Shares	%
Substantial Shareholders						
Mr. Jiang Jianqiang ^{Note 1}	42,202,000	1.4	42,202,000	0.9	42,202,000	0.5
Keen Luck ^{Note 1}	1,020,000,000	33.8	1,020,000,000	22.1	1,020,000,000	13.2
Five Seasons XIV Limited ^{Note 2}	190,120,000	6.3	190,120,000	4.1	190,120,000	2.5
江蘇華米企業管理有限公司 (Jiangsu Huami Business Management Co., Ltd.)* ^{Note 3}	230,000,000	7.6	230,000,000	5.0	230,000,000	3.0
Wenjia International Limited ^{Note 4}	200,000,000	6.6	200,000,000	4.3	200,000,000	2.6
Subscriber I ^{Note 5}	—	—	550,000,000	11.9	850,000,000	11.0
Subscriber II ^{Note 6}	—	—	700,000,000	15.1	2,060,000,000	26.6
Subscriber III ^{Note 7}	260,000,000	8.6	260,000,000	5.6	1,720,000,000	22.2
Equity First Capital LC (i.e. Investor III) ^{Note 8}	—	—	350,000,000	7.6	350,000,000	4.5
Other public Shareholders	1,078,425,935	35.7	1,078,425,935	23.4	1,078,425,935	13.9
Total Issued Shares	3,020,747,935	100.0	4,620,747,935	100.0	7,740,747,935	100.0

Notes:

- Mr. Jiang Jianqiang is the beneficial owner of 42,202,000 Shares. Keen Luck is wholly-owned by Champ Origin Limited which in turn is owned as to 51% by Mr. Jiang Jianqiang and 49% by Mr. Jiang Yixuan (the son of Mr. Jiang Jianqiang).
- Five Seasons XIV Limited is wholly-owned by Five Seasons XVII Limited which in turn is wholly owned by Fullshare Holdings Limited (“Fullshare”). Fullshare is owned as to 44.73% by Magnolia Wealth International Limited, which in turn is wholly-owned by Mr. Ji Changqun.
- 江蘇華米企業管理有限公司 (Jiangsu Huami Business Management Co., Ltd.)* is owned as to 99% by Mr. Zhu Hong.
- Wenjia International Limited is wholly-owned by Mr. Li Xiang.
- In respect of Subscriber I (i.e. 安徽洪林鋼結構制造有限公司 (Anhui Honglin Steel Structure Manufacturing Co., Ltd.*)), upon full conversion of the respective Senior Notes under the respective Note Purchase Agreement at the conversion price of HK0.1, the respective Senior Notes will be convertible into 550,000,000 Shares. In addition, as stated in this announcement, it agreed to subscribe for 300,000,000 Subscription Shares.

6. In respect of Subscriber II (i.e. 安徽大禹實業集團有限公司 (Anhui Dayu Shiye Group Co. Ltd.*)), upon full conversion of the respective Senior Notes under the respective Note Purchase Agreement at the conversion price of HK0.1, the respective Senior Notes will be convertible into 700,000,000 Shares. In addition, as stated in this announcement, it agreed to subscribe for 1,360,000,000 Subscription Shares.
7. Subscriber III (i.e. 江蘇凱盟投資有限公司 (Jiangsu Kaimeng Investment Co., Ltd.*)) is owned as to 60% by Mr. Li Xiaofei* and 40% by Ms. Quan Zhu*, respectively. It is the beneficial owner of 260,000,000 Shares. In addition, as stated in this announcement, it agreed to subscribe for 1,460,000,000 Subscription Shares.
8. Equity First Capital LC is a sole proprietorship registered under the Business Registration Ordinance (Cap. 310 of the Laws of Hong Kong) in Hong Kong which is principally engaged in financial consulting services and equity investment. The sole proprietor controlling Equity First Capital LC is Mr. Che Kean Tat (徐建達).

USE OF PROCEEDS

The aggregated gross proceeds from the Subscription are HK\$312,000,000 and the net proceeds, after deducting all related fees and expenses, are expected to be approximately HK\$311,000,000. Based on the net proceeds of approximately HK\$311,000,000, the net price per Subscription Share is approximately HK\$0.10.

The Board intends to use the proceeds from the Subscription for raising (i) sufficient funds to implement a possible debt restructuring by way of a scheme of arrangement under the Companies Ordinance of Hong Kong (Chapter 622 of the Laws of Hong Kong) and (ii) additional working capital to sustain the business operations of the Group.

FUND-RAISING ACTIVITIES BY THE COMPANY IN THE LAST 12 MONTHS

The Company has not raised any funds by issuing equity securities during the 12 months immediately before the date of this announcement.

APPLICATION FOR LISTING

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

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

In light of the indebtedness and financial condition of the Company based on the information currently available to the Board, although the Company has raised funds through the issue of the Senior Notes, the Board considers that the Company is required to raise additional funds to facilitate it in discharging all liabilities of and claims against the Company by way of implementing a possible debt restructuring, alleviating its cash flow burden as well as raising additional working capital to sustain the Group's continuing operation and the entering into of the Subscription Agreements allows the Company to achieve such purposes.

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Subscription Agreements and the transactions contemplated thereunder (including the grant of the Specific Mandate), which are determined after arm's length negotiations between the Company and the Subscribers are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

SPECIFIC MANDATE

The issue of the Subscription Shares is subject to the Shareholders' approval. The Subscription Shares will be issued and allotted pursuant to the Specific Mandate to be sought from the Shareholders at the EGM.

GENERAL

The Subscription is subject to the Shareholders' approval. The EGM will be convened and held for the Shareholders to consider and, if thought fit, to approve (i) the Note Purchase Agreements, (ii) the Supplemental Agreements, (iii) the Second Supplemental Agreement, (iv) the Subscription Agreements and the transactions contemplated thereunder, including the grant of the Specific Mandate for the allotment and issue of the Subscription Shares and the Conversion Shares upon the Notes Conversion and the issue of the Senior Notes.

To the best of the Directors' knowledge, information and belief, no Shareholder is required to abstain from voting at the EGM in respect of the resolution relating to the Subscription.

As for the resolution(s) to approve the Note Purchase Agreements, the Supplemental Agreements, the Second Supplemental Agreement and the transactions contemplated thereunder (including the issue of the Senior Notes and the allotment and issue of the Conversion Shares upon the Notes Conversion and the grant of the Specific Mandate), as stated in the Announcement, Mr. Jiang Jianqiang and Keen Luck Group Limited (both being controlling Shareholders) shall abstain from voting to avoid any actual or perceived conflict of interest. Please refer to the Announcement for further details.

A circular containing, among other things, (i) further details of the Subscription and the Subscription Agreements; (ii) further information of the Note Purchase Agreements, the Supplemental Agreements, the Second Supplemental Agreement and the transactions contemplated thereunder (including the issue of the Senior Notes and the allotment and issue of the Conversion Shares upon the Notes Conversion); (iii) the grant of the Specific Mandate for the allotment and issue of the Subscription Shares and the Conversion Shares upon the Notes Conversion; and (iv) a notice of the EGM, will be dispatched to the Shareholders in due course in accordance with the Listing Rules.

WARNING

According to a letter from the Stock Exchange dated 21 July 2020 to the Company, the Stock Exchange specifies that it will not consider granting listing approval for new shares to the Company in light of its suspension of trading unless and until the Company has satisfied the Stock Exchange its fulfillment of the resumption guidance and re-compliance with the Listing Rules. Completion of the Subscription is subject to the satisfaction of the Conditions under the Subscription Agreements, one of which being the Listing Committee granting the approval for the listing of and permission to deal in all of the Subscription Shares (either unconditionally or subject to conditions) and such permission not having been subsequently revoked or withdrawn. As the Subscription may or may not be completed, the listing approval of the Subscription Shares may or may not be granted, and/or the Subscription Shares may or may not be issued or listed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

INFORMATION ON THE GROUP

The Group is an integrated steel structure and prefabricated construction solution service provider. The Group's integrated construction solution services are customised to meet the quality, technical specifications and requirements of different projects, and span from design plan, including fabrication and assembly of steel structure parts and prefabricated construction, transportation, and to the installation of materials onsite and after-sales services.

INFORMATION ON THE SUBSCRIBERS

Subscriber I

Subscriber I is a company incorporated in the PRC with limited liability which is principally engaged in sale and manufacturing of metallic materials, metallic products, metallic structure, sale of non-metallic mineral and product processing and heat processing of metallic surface, sale of construction use steel bar product, and manufacturing of metallic packaging container and material.

Subscriber I is owned as to 65% by 安徽天鴻新型鋼結構材料有限公司 (Anhui Tianhong New Type Steel Structural Material Co., Ltd.*) (“**Anhui Tianhong**”) and 35% by 福建省康靖鋼材貿易有限公司 (Fujian Kangjing Steel Trading Co. Ltd.*) (“**Fujian Kangjing**”), respectively. Anhui Tianhong is ultimately owned by 年四康 (Mr. Nian Sikang*) (“**Mr. Nian**”), 張梅芳 (Ms. Zhang Meifang*) (“**Ms. Zhang**”), 張夢杰 (Mr. Zhang Mengjie*) and 郭孟枝 (Mr. Guo Mengzhi*) as to 45.5%, 24.5%, 29.4% and 0.6%, respectively, whereas Fujian Kangjing is ultimately owned by Mr. Nian and Ms. Zhang as to 65% and 35%, respectively.

Subscriber II

Subscriber II is a wholly-owned subsidiary of 懷遠縣大禹股權投資有限公司 (Huaiyuan County Dayu Equity Investment Ltd.*), which is in turn a wholly-owned subsidiary of 懷遠投資集團有限公司 (Huaiyuan Investment Group Co., Ltd.*), a state-owned company established in the PRC with limited liability. Subscriber II is principally engaged in manufacturing of metallic and plastic products, mechanical parts, electric parts, electric products, production, processing and sale of vehicle parts, industrial project development, internet of things technology and services, transportation, biology and medicine, real estate, cultural industry, new energy, new material investment and management.

Subscriber III

Subscriber III is a company incorporated in the PRC with limited liability and is principally engaged in investment on construction projects, real estate and related investment. Subscriber III is owned as to 60% by 李曉飛 (Mr. Li Xiaofei*) and 40% by 全竹 (Ms. Quan Zhu*), respectively.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) each of the Subscribers and its ultimate beneficial owner(s) are (a) third parties independent of the Company and its connected persons (as defined in the Listing Rules) and (b) are not acting in concert (as defined in the Takeovers Code) with, or accustomed to take instruction from, other third parties in relation to the acquisition, disposal, voting or other disposition of securities of the Company registered or to be registered in its name or otherwise held or to be held by it; and (ii) each of the Subscribers is not acting in concert (as defined in the Takeovers Code) with any existing Shareholders or the connected persons (as defined in the Listing Rules) of the existing Shareholders.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange was suspended with effect since 22 June 2020 and will continue to be suspended until further notice.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless otherwise specified:

“Announcement”	announcement of the Company dated 5 October 2021 in relation to, among other things, issue of the Senior Notes
“Board”	the board of Directors
“Company”	China Saite Group Company Limited (中國賽特集團有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 153)
“Completion”	completion of the Subscription
“Completion Date”	the 5th business day after the day on which the last of the Conditions is fulfilled (or such other date as may be agreed by the respective Subscriber and the Company in writing)
“Conditions”	the conditions precedents to the Completion under the respective Subscription Agreement
“Consideration”	the total consideration to be paid by the respective Subscriber for the respective Subscription Shares under the respective Subscription Agreement
“Director(s)”	the director(s) of the Company
“EGM”	the general meeting of the Company to be convened for the purpose of considering and if thought fit, to approve, (i) the Note Purchase Agreements, (ii) the Supplemental Agreements, (iii) the Second Supplemental Agreement, (iv) the Subscription Agreements and the transactions contemplated thereunder, including the grant of the Specific Mandate for the allotment and issue of the Subscription Shares and the Conversion Shares upon the Notes Conversion and the issue of the Senior Notes
“Encumbrances”	any interest or equity of any person (including any right to acquire, option or right of pre-emption), voting arrangement, mortgage, charge, claim, liabilities, obligation, pledge, bill of sale, lien, deposit, hypothecation, assignment, agreement or any other encumbrance, priority or security interest or arrangement or interest under any contract or trust or any other third party interest of whatsoever nature over or in the relevant subject matter and “Encumber” shall be construed accordingly

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Last Trading Date”	19 June 2020, being the last Trading Day for the Shares immediately prior to the publication of this announcement
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 June 2022 or such other date as the Company and the respective Subscriber may agree in writing
“PRC”	the People’s Republic of China, which, for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Second Supplemental Agreement”	the second supplemental agreement to the Note Purchase Agreement I (as supplemented by the Supplemental Agreement I) dated 10 December 2021 entered into between the Company and Investor I
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Specific Mandate”	the specific mandate to be sought from the Shareholders at the EGM to grant the authority to the Board for the allotment and issue of (i) the Conversion Shares upon the exercise of the conversion right under the Note Purchase Agreements and (ii) the Subscription Shares pursuant to the Subscription Agreements
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber I”	安徽洪林鋼結構制造有限公司 (Anhui Honglin Steel Structure Manufacturing Co., Ltd.*), a company incorporated in the PRC with limited liability

“Subscriber II”	安徽大禹實業集團有限公司 (Anhui Dayu Shiye Group Co. Ltd.*), a company incorporated in the PRC with limited liability
“Subscriber III”	江蘇凱盟投資有限公司 (Jiangsu Kaimeng Investment Co. Ltd.*), a company incorporated in the PRC with limited liability
“Subscribers”	collectively, Subscriber I, Subscriber II and Subscriber III and each a “Subscriber”
“Subscription”	the subscription by the Subscribers for the Subscription Shares pursuant to and in accordance with the terms and conditions of the Subscription Agreements
“Subscription Agreement I”	the subscription agreement dated 10 December 2021 entered into between the Company and Subscriber I
“Subscription Agreement II”	the subscription agreement dated 10 December 2021 entered into between the Company and Subscriber II
“Subscription Agreement III”	the subscription agreement dated 10 December 2021 entered into between the Company and Subscriber III
“Subscription Agreements”	collectively, Subscription Agreement I, Subscription Agreement II and Subscription Agreement III, and each a “Subscription Agreement”
“Subscription Price”	HK\$0.10 per Share
“Subscription Shares”	3,120,000,000 new Shares to be subscribed for by the Subscribers and to be issued and allotted by the Company pursuant to the terms of the Subscription Agreements and “Subscription Share” shall be construed accordingly
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers and Share Buy-backs
“Trading Day”	a day on which trading is conducted on the Main Board of the Stock Exchange in accordance with the Trading Rules of the Stock Exchange other than a day on which both the morning and the afternoon trading sessions or either of them is cancelled owing to a tropical cyclone warning signal no. 8 or above or a “black” rainstorm warning signal being in force in Hong Kong

“%”

per cent.

By order of the Board
China Saite Group Company Limited
Li Xulin
Chairman

Hong Kong, 10 December 2021

As at the date of this announcement, the executive Directors are Mr. Li Xulin, Mr. Xu Fanghua, Mr. Liu Zhibo, Mr. Hua Gang and Mr. Shan Hu; and the independent non-executive Directors are Mr. Xu Jiaming, Mr. Yan Hualin, Mr. Wu Zhongxian, Mr. Choi Ho Yan and Mr. Siu Siu Ling, Robert.

* *For identification purpose only*