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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)

QUARTERLY UPDATE ANNOUNCEMENT

This announcement is made by China Saite Group Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 and Rule 13.24A of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”).

References are made to the announcements of the Company dated 22 June 2020, 22 July 2020, 8 September 2020, 30 September 2020, 23 October 2020, 19 November 2020, 8 December 2020, 28 December 2020, 26 March 2021, 30 March 2021, 31 March 2021, 7 May 2021, 3 June 2021, 22 June 2021, 13 September 2021, 21 September 2021, 5 October 2021, 11 October 2021, 22 October 2021 and 10 December 2021 (the “**Announcements**”) in relation to, among others, the suspension of trading in the shares of the Company on the Stock Exchange pending the publication of the annual results of the Group for the years ended 31 December 2019 and 2020, the resumption guidance and additional resumption guidance issued by the Stock Exchange (the “**Resumption Guidance**”), the winding up petitions against the Company, the findings of the internal control review report, the resignation of auditor of the Company, the appointment of new auditor and internal control consultant, and the entering into of agreements with independent investors. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

BUSINESS UPDATE

In respect of the Group’s business operations, the Group has continued its operations notwithstanding the suspension of trading in the shares of the Company and the impact of the COVID-19 pandemic. The Group continued to provide integrated construction solutions that employs steel structures and prefabricated components in the PRC as its primary

business. The Group generated revenue from the provision of construction components as well as related services such as design, secondary detailed design, compilation, installation and after-sale services.

The Board and the senior management of the Company have been making continuous effort to improve the operating performance of the Group. As at the date of this announcement, the Group has over 35 ongoing contracts with various reputable customers ranging from state-owned enterprises to other well-established private companies in the PRC. The Board wishes to emphasise that the above information are unaudited and shall not constitute any forecast or prediction of the profits of the Group and further details regarding business update of the Group will be disclosed by way of announcement(s) as and when appropriate.

UPDATE ON THE RESUMPTION PROGRESS

The Company has implemented, or is taking appropriate steps to fulfill the Resumption Guidance, that will lead to the resumption of share trading with material certainty. The status of resumption since the suspension of trading in the shares of the Company are summarised as follows:

Independent Investigation

The Independent Board Committee has engaged its own Independent Legal Adviser to provide legal advice to the Independent Board Committee on matters relating to the Independent Investigation, and through the Independent Legal Adviser, has engaged RSM Corporate Advisory (Hong Kong) Limited as an Independent Consultant to provide professional services and assistance.

As at the date of this announcement, the Company is assisting the Independent Board Committee and its advisers to collate further information and evidence for the purpose of completing the Independent Investigation to a fuller extent. The Independent Board Committee aims to complete the Independent Investigation by the end of January 2022. The Company will make further announcement(s) on the findings of the Independent Investigation as and when appropriate.

Independent Internal Control Review

As at the date of this announcement, the 2nd IC Review is still in progress. The 2nd IC Review is expected to complete by the end of January 2022. The Company will make further announcement on the findings of the 2nd IC Review as and when appropriate.

Financial results

The Company has engaged BDO Limited as its auditor. As at the date of this announcement, the audit work is still ongoing, and it is currently expected that the audited financial results for FY2019 and FY2020, and the unaudited financial results for 6M2020 and 6M2021 would be published by the end of January 2022, and the FY2019 and FY2020 annual reports as well as the 6M2020 and 6M2021 interim reports will be despatched thereafter as soon as possible.

The Company will publish further announcement(s) as and when appropriate to inform its shareholders regarding the financial results of the Company.

Winding-up Petition

As at the date of this announcement, the Company has received 21 winding up petitions, 20 of which have since been withdrawn or dismissed.

As of the date of this announcement, there is one outstanding petition that has yet to be withdrawn or dismissed. The winding-up hearing against the Company is adjourned to 21 January 2022. No winding-up order has been made against the Company and the winding-up petition has no material adverse impact on the daily operation of the Company.

The Company is actively dealing with the remaining petitioners and supporting creditors and targets to procure the withdrawal or dismissal of the petition subject to the completion of the proposed restructuring (details of which are set out in the section headed “Update on the Resumption Progress — Proposed Restructuring” in this announcement below).

Proposed Restructuring

The Group is currently implementing a proposed restructuring (the “**Proposed Restructuring**”) which comprises:–

- (i) the reorganisation of the Group structure (the “**Group Reorganization**”) whereby, among other things, non-performing and/or non-core assets of the Group would be carved out by way of creditors’ voluntary winding up of the relevant subsidiary(ies). The Group Reorganization is aimed at, among others, carving out a majority of the PRC-based indebtedness of the Group;
- (ii) the capital injection (the “**Capital Injection**”) comprising (a) the issue of the Senior Notes in the aggregate principal amount of HK\$160 million to investors; and (b) the allotment and issue of the Subscription Shares at the aggregate subscription price of HK\$312 million to investors. The aggregate gross proceeds of approximately HK\$472 million would enable the Group to, among other things, effecting the Proposed Restructuring as well as funding its general working capital need, hence enabling the Group to continue sustaining its normal business operations; and
- (iii) the proposed scheme of arrangement for the Company (the “**Scheme of Arrangement**”) to be made between the Company and its creditors in accordance with sections 670 and 673 of the Companies Ordinance of Hong Kong (Chapter 622 of the Laws of Hong Kong), pursuant to which all claims of the creditors against the Company will be fully and finally discharged by virtue of the Scheme of Arrangement in exchange for cash and/or new shares in the Company. The Group is currently actively soliciting the requisite supports from its creditors to proceed with the Scheme of Arrangement.

Further details of the Proposed Restructuring will be made by the Company by way of announcement(s) as and when appropriate.

Management Integrity and Competence

As at the date of this announcement, the Board has been reconstituted and comprises (i) six executive directors, including Mr. Li Xulin, Mr. Xu Fanghua, Mr. Liu Zhibo, Mr. Hua Gang, Mr. Shan Hu and Mr. Zhang Tianbo; and (ii) five independent non-executive directors, including Mr. Xu Jiaming, Mr. Yan Hualin, Mr. Wu Zhongxian, Mr. Choi Ho Yan and Mr. Siu Siu Ling, Robert.

As of the date of this announcement, it is understood that there is no reasonable regulatory concern about the integrity and competence of the Group's current directors.

Announce all material information

Since the suspension of trading in its shares, the Company has been keeping its Shareholders and potential investors informed of all material information to appraise the Company's position by way of announcements on the website of the Stock Exchange in accordance with the Listing Rules, including but not limited to making updates of all material information on a quarterly basis. The Company will continue to keep its Shareholders and potential investors abreast of the material developments by making further announcement(s) as and when appropriate.

Expected Timetable

As at the date of this announcement, the Company is working closely with all professional parties on the Proposed Restructuring and has taken steps which will lead to the resumption of share trading of the Company with material certainty. The Company is of the view that the remaining steps are mainly procedural in nature. The expected timetable for the Proposed Restructuring and share resumption is set out below. The following expected timetable is indicative only and subject to change.

Events	Expected Time
Scheme Hearing	Friday, 21 January 2022
Publication of the independent investigation report	By the end of January 2022
Publication of audited financial results for FY2019 and FY2020, and the unaudited financial results for 6M2020 and 6M2021	By the end of January 2022
Publication of second internal control review report	By the end of January 2022
Creditors' meeting to vote on the Scheme of Arrangement. . .	By the end of February 2022
Court sanction of the Scheme of Arrangement	By the end of March 2022
Resumption of share trading.	By the end of March 2022

All times and dates specified in the timetable above refer to Hong Kong times and dates.

This timetable is indicative only and any subsequent change to the expected timetable will be announced by the Company.

WARNING

In accordance with Rule 6.01A(1) of the Listing Rules, the Stock Exchange may cancel the listing of any securities that have been suspended for a continuous period of 18 months. As the trading in the shares of the Company (the “Shares”) has been suspended since 22 June 2020, the above 18-month period shall be expired on 21 December 2021, upon which the Listing Division of the Stock Exchange may recommend the Listing Committee to cancel the listing of the Shares on the Stock Exchange if the Company fails to comply with all Resumption Guidance as stipulated by the Stock Exchange. The shareholders and potential investors of the Company are reminded that (i) the implementation of the Proposed Restructuring does not imply that the Stock Exchange will not delist the Company pursuant to the Listing Rules and (ii) as at the date of this announcement, the Company has not yet fulfilled all Resumption Guidance.

In addition, 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 recompliance with the Listing Rules.

Closing of the Note Purchase Agreements and Completion of the Subscription are subject to the satisfaction and/or waiver of the Closing Conditions under the Note Purchase Agreements and the satisfaction of the Conditions under the Subscription Agreements, respectively (one of which being the Listing Committee granting the approval for the listing of, and permission to deal in the Conversion Shares (with or without conditions) (in the case of Notes Conversion) or the Subscription Shares (in the case of the Subscription), and the Stock Exchange not having withdrawn or revoked such approval). As the purchase of the Senior Notes and/or the Subscription may or may not be completed, the Senior Notes may or may not be issued, the listing approval of the Conversion Shares and/or the Subscription Shares may or may not be granted, and/or the Conversion Shares 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 securities of the Company.

The Company will disclose any updates on the satisfaction of Resumption Guidance by way of announcement(s) as and when appropriate. Shareholders and potential investors of the Company are again reminded to exercise caution when dealing in the securities of the Company, and if they are in any doubt about their positions, they should consult their professional adviser(s).

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.

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

Hong Kong, 21 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, Mr. Shan Hu and Mr. Zhang Tianbo; 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.