

DATE: 15th March 2023

**SANDMARTIN INTERNATIONAL HOLDINGS LIMITED
(as Company)**

AND

**FIRST STEAMSHIP COMPANY LIMITED
(as Underwriter)**

UNDERWRITING AGREEMENT

**relating to a rights issue of a total of 738,242,235 Rights Shares in
Sandmartin International Holdings Limited
at HK\$0.12 per Rights Share payable in full on application
in the proportion of three Rights Shares for every two existing Shares
held on the Record Date**

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THIS AGREEMENT is dated 15th March 2023

BETWEEN:

- (1) **SANDMARTIN INTERNATIONAL HOLDINGS LIMITED (聖馬丁國際控股有限公司)**, a company incorporated in Bermuda with limited liability and having its registered office at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business in Hong Kong at Unit 516, 5/F., Peninsula Centre, 67 Mody Road Tsim Sha Tsui East, Kowloon Hong Kong (the “**Company**”); and
- (2) **FIRST STEAMSHIP COMPANY LIMITED (益航股份有限公司)**, a company incorporated in Bermuda with limited liability and having its registered office at 14th Floor, 237 Fuxing South Road, Section 2, Taipei, Taiwan (the “**Underwriter**”).

WHEREAS:

- (A) The Company is incorporated in Bermuda whose issued Shares are listed on main board of the Stock Exchange (stock code: 482). As at the date hereof, the Company has an authorised share capital of HK\$1,000,000,000 divided into 10,000,000,000 Shares of HK\$0.10 each. As at the date hereof, 492,161,490 Shares are issued and are fully paid or credited as fully-paid and 9,507,838,510 Shares remain unissued.
- (B) The Company has determined by resolution of its Board to offer, subject to the fulfilment of the Conditions Precedent (as defined below), 738,242,235 Rights Shares (as defined below) for subscription by the Qualifying Shareholders (as defined below) by way of the Rights Issue (as defined below), on the basis of three (3) Rights Shares for every two (2) Shares held on the Record Date (as defined below), at the Subscription Price (as defined below) payable in full on application and otherwise on the terms and subject to the conditions set out in this Agreement and the Prospectus Documents (as defined below).
- (C) As at the date hereof, the Company has no outstanding warrants, options or convertible or exchangeable securities.
- (D) As at the date hereof, the Underwriter is beneficially interested in 124,950,000 Shares, representing approximately 25.39% of the total issued share capital of the Company. In addition, as at the date of this Agreement, Grand Citi Limited (“**Grand Citi**”) is beneficially interested in 17,678,902 Shares, representing approximately 3.59% of the total issued share capital of the Company. Grand Citi is beneficially owned as to 58.62% by the Underwriter. The Underwriter has agreed to provide the Irrevocable Undertaking (as defined below) set out in this Agreement.
- (E) On the terms and subject to the conditions hereinafter appearing, the Underwriter has agreed to underwrite 524,298,882 Underwritten Shares.
- (F) Simultaneously upon the entering into of this Agreement, the Company has entered into the Placing Agreement (as defined below) with the Placing Agent (as defined below), pursuant to which the Placing Agent (as defined below) shall, on a best effort basis, procure placee(s) to subscribe for the Unsubscribed Rights Shares (as defined herein below) upon completion of the Rights Issue.

NOW IT IS HEREBY AGREED as follows:

1. **DEFINITIONS**

1.1 In this Agreement including the Recitals and Schedules, unless the context otherwise requires, the following expressions have the following meanings:

“Announcement” the announcement to be made by the Company concerning this Agreement, the Rights Issue and the Whitewash Waiver in the agreed form, a draft of which is set out in this Agreement as the Exhibit

“Application Form(s)” the form of application for use by the Qualifying Shareholders to apply for the Rights Shares in the agreed form

“associates” has the meaning ascribed thereto in the Listing Rules

“Board” the board of Directors

“business day” a day on which the Stock Exchange is open for the transaction of business throughout its normal business hours

“CCASS” the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited

“Conditions Precedent” the conditions set out in Clause 2.1

“CWUMPO” the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (as amended from time to time)

“Directors” directors of the Company

“dispose” means to make or to agree to make, and **“disposal”** means, any sale, assignment, exchange, transfer, concession, loan, lease, direct or indirect reservation, waiver, compromise, release, dealing with or in or granting of any option, right of first refusal, power of attorney or other right or interest whatsoever and any agreement for any of the foregoing, as the context requires

“Executive” the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s)

“Hong Kong” the Hong Kong Special Administrative Region of the

People's Republic of China

“Independent Shareholders”	Shareholders, other than: (i) the Underwriter; (ii) any Shareholders who are involved in or interested in this Agreement, the Rights Issue and/or the Whitewash Waiver; and (iii) those Shareholders who have a material interest in this Agreement, the Rights Issue and/or the Whitewash Waiver different from other Shareholders, including but not limited to those Directors who have personal interest in the Shares, who shall be required under the Listing Rules and/or the Takeovers Code to abstain from voting on the resolutions to approve this Agreement, the Rights Issue and the Whitewash Waiver at the SGM
“Independent Third Party(ies)”	person(s) who is/are independent of and not connected with the directors, chief executive and substantial shareholders of the Company or any of its subsidiaries, or any of their respective associates
“Irrevocable Undertaking”	the irrevocable undertaking given by the Underwriter under Clause 10.4
“Latest Lodging Date”	4:30 p.m. on Thursday, 11 May 2023 or such other date and/or time as the Underwriter and the Company may agree as the latest time for lodging transfer of the Shares in order to qualify for the Rights Issue
“Latest Time for Acceptance”	4:00 p.m. on Monday, 5 June 2023 or such other date and/or time as may be agreed between the Company and the Underwriter, being the latest time for acceptance of, and the payment for, the Rights Shares under the Rights Issue
“Latest Time for Termination”	4:00 p.m. on Tuesday, 13 June 2023 or such later date and/or time as may be agreed between the Company and the Underwriter, being the latest time to terminate this Agreement
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Non-Qualifying Shareholder(s)”	those Overseas Shareholders to whom the Company considers it necessary or expedient not to offer the Rights Shares based on the enquiry made pursuant to Clause 5.1
“Overseas Shareholder(s)”	Shareholders whose registered addresses as shown in the register of members of the Company on the Record Date are outside of Hong Kong

“parties acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“Placing Agent”	Morton Securities Limited, a corporation licensed to carry on type 1 (dealing in securities) regulated activity under the SFO
“Placing Agreement”	the placing agreement dated 15 March 2023 and entered into between the Company and the Placing Agent in respect of the Unsubscribed Arrangements, pursuant to which the Placing Agent has agreed to procure places on a best effort basis to subscribe for the Unsubscribed Rights Shares
“Placing End Date”	Tuesday, 13 June 2023 or such other time as may be agreed between the Company and the Placing Agent as the latest date for acceptance of, and payment for, the Unsubscribed Rights Shares under the Placing Agreement
“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue in the agreed form
“Prospectus Documents”	the Prospectus and the Application Form
“Prospectus Posting Date”	Friday, 19 May 2023 or such other date as the Company and the Underwriter may agree in writing
“Qualifying Shareholder(s)”	Shareholders whose names appear on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholders
“Record Date”	Thursday, 18 May 2023 or such other date as may be agreed between the Company and the Underwriter
“Registrar”	Boardroom Share Registrars (HK) Limited of Room 2103B, 21/F, 148 Electric Road, North Point Hong Kong, the Hong Kong branch share registrar and transfer office of the Company
“Rights Shares”	738,242,235 new Shares, proposed to be offered to the Qualifying Shareholders for subscription on the terms and subject to the conditions set out in this Agreement and in the Prospectus
“Rights Issue”	the proposed offer for subscription by the Qualifying Shareholders for the Rights Shares at the Subscription Price on the terms and subject to the conditions set out in this Agreement and the Prospectus Documents and

	as briefly described in the Announcement
“Settlement Date”	the third business day following the Latest Time for Termination (or such other date as the Company and the Underwriter may agree)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held to consider and approve this Agreement and the transactions contemplated hereunder including but not limited to the Rights Issue and the Whitewash Waiver
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holders of the issued Shares
“Specified Event”	an event occurring or matter arising on or after the date hereof and prior to the Latest Time for Termination which if it had occurred or arisen before the date hereof would have rendered any of the warranties contained in Clause 10.1 untrue or incorrect in any material respect
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the issue price of HK\$0.12 per Rights Share at which the Rights Shares are proposed to be offered for subscription
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwritten Share(s)”	524,298,882 Rights Shares, being the total number of Rights Shares which Shareholders are entitled pursuant to the Rights Issue less 213,943,353 Rights Shares which the Underwriter has undertaken to subscribe for or procure the subscription for pursuant to the Irrevocable Undertaking in accordance with this Agreement
“Unsubscribed Arrangements”	arrangements to place the Unsubscribed Rights Shares by the Placing Agent on a best effort basis to investors who (or as the case maybe, their ultimate beneficial owner(s)) are not Shareholders and are otherwise Independent Third Parties pursuant to Rule 7.21(1)(b)

of the Listing Rules

“Unsubscribed Rights Share(s)” Rights Shares that are not subscribed by the Qualifying Shareholders and Rights Shares which would otherwise have been allotted to the Non-Qualifying Shareholders (as the case may be)

“Untaken Rights Share(s)” all such Unsubscribed Rights Shares that have not been placed by the Placing Agent or they have been placed but the placees have not paid therefor at 4:00 p.m. on the Placing End Date

“Verification Notes” the verification notes to be prepared by Michael Li & Co. relating to the Prospectus

“Whitewash Waiver” a waiver in respect of the obligation of the Underwriter to make a mandatory general offer to the Shareholders in respect of the Shares not already owned or agreed to be acquired by the Underwriter and the parties acting in concert with it as a result of the underwriting of the Rights Shares in accordance with Note 1 on dispensations from Rule 26 of the Takeovers Code

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“%” per cent.

1.2 References to the singular number include the plural and vice versa and references to one gender include every gender.

1.3 Any reference to a document being “in the agreed form” means in such form as may following the date of this Agreement be agreed between all the parties to this Agreement.

1.4 References to Clauses, Recitals and the Exhibit are to clauses of and recitals and exhibit to, this Agreement.

2. CONDITIONS

2.1 The Rights Issue is conditional upon:

(1) the passing by the Independent Shareholders at the SGM of (i) ordinary resolutions to approve this Agreement, the Placing Agreement the Rights Issue and the transactions contemplated thereunder; and (ii) a special resolution to approve the Whitewash Waiver (at least 75% of the Independent Shareholders at the SGM by way of poll) in accordance with the Listing Rules and the Takeovers Code respectively;

(2) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the

Prospectus Documents duly signed by the Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the CWUMPO not later than the Prospectus Posting Date;

- (3) the posting of the Prospectus Documents to the Qualifying Shareholders by the Prospectus Posting Date and the posting of the Prospectus and a letter in the agreed form to the Non-Qualifying Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;
 - (4) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Rights Shares by no later than the first day of their dealings;
 - (5) compliance with the requirements under the applicable laws and regulations of Hong Kong and Bermuda;
 - (6) the Executive granting the Whitewash Waiver to the Underwriter and the satisfaction of all conditions (if any) attached to the Whitewash Waiver granted;
 - (7) the obligations of the Underwriter becoming unconditional and that this Agreement is not terminated in accordance with its terms;
 - (8) the compliance with and performance of all the undertakings and obligations of the Underwriter under the Irrevocable Undertaking; and
 - (9) all necessary consents and approvals to be obtained on the part of each of the Underwriter and the Company in respect of this Agreement and the transactions contemplated hereunder having been obtained.
- 2.2 The Company shall use all reasonable endeavours to procure the fulfillment of the conditions set out in Clause 2.1 by the Latest Time for Termination or such other time as stated in Clause 2.1 and in particular shall furnish such information, supply such documents, pay such fees, give such undertakings and do all such acts and things as may be necessary in connection with the listing of the Rights Shares.
- 2.3 The Company shall make application to the Stock Exchange for the listing of and permission to deal in the Rights Shares, in their nil-paid and fully-paid forms.
- 2.4 The conditions set out in Clause 2.1 are incapable of being waived. If the conditions referred to in Clause 2.1 are not satisfied by the Latest Time for Termination, or where appropriate, the times stipulated in Clause 2.1, or such other date or dates as the Company and the Underwriter may agree in writing, this Agreement shall terminate and (save in respect of any provisions of Clause 8.2 or Clauses 9, 11, 14 and 16 and any rights or obligations which may accrue under this Agreement prior to such termination) no party will have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

3. PUBLICATION OF THE ANNOUNCEMENT

- 3.1 Subject to approval by the Stock Exchange, the Company shall arrange for the Announcement to be published on the Stock Exchange's website and its own website as soon as reasonably practicable following the signing of this Agreement.
- 3.2 The Company shall use its reasonable endeavours to procure the posting of the Prospectus Documents to the Shareholders on or about the Prospectus Posting Date . The Company shall deliver to the Underwriter a certified copy of the resolution of the Board approving the Prospectus Documents and authorising the despatch thereof as soon as reasonably practicable and in any event within two business days from the dates of despatch of such documents.
- 3.3 The Company shall, on or before the second business day after the Prospectus Documents are posted to Qualifying Shareholders in accordance with Clause 3.2, post the Prospectus and a letter in the agreed form to the Non-Qualifying Shareholders (if any) for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue.

4. THE RIGHTS ISSUE

- 4.1 Subject to fulfillment of the Conditions Precedent:
- (1) the Company shall offer the Rights Shares to the Qualifying Shareholders at the Subscription Price, in the proportion of three Rights Shares for every two Shares held on the Record Date, by posting the Prospectus Documents to such holders on the Prospectus Posting Date on the basis that payment for the Rights Shares shall be made in full on application not later than the Latest Time for Acceptance;
 - (2) the Company shall, on the Prospectus Posting Date, post the Prospectus marked "**For information only**" and a letter in agreed form explaining the circumstances in which the Non-Qualifying Shareholders are not permitted to participate in the Rights Issue, without the Application Form to the Non-Qualifying Shareholders;
 - (3) the Company shall deliver to the Underwriter certified copies of the resolutions referred to in Recital (B) on or before the Prospectus Posting Date; and
 - (4) the Company will allot and issue the Rights Shares upon the terms and subject to the conditions set out in the memorandum of association and bye-laws of the Company and in accordance with the Prospectus Documents.
- 4.2 Prior to the despatch of the Prospectus Documents pursuant to Clause 4.1(1), the Company shall deliver to the Underwriter:
- (1) the Verification Notes relating to the Prospectus duly signed by or on behalf of the Directors; and

- (2) letter(s) from the auditors or reporting accountants of the Company, as appropriate, addressed to the Company reporting on or confirming the proforma net tangible asset value of the Company, and where necessary, sufficiency of working capital of the Company, indebtedness statement and other financial information if and as required by the Stock Exchange or the SFC to be contained in the Prospectus and consenting to the issue of the Prospectus with the inclusion of their names and the references thereto in the form and context in which they are included.
- 4.3 The Rights Shares, when allotted and issued, shall rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Rights Shares, including the right to receive all dividends and distributions which may be declared, made or paid on or after such date.
- 5. UNDERWRITING OBLIGATIONS**
- 5.1 The Company shall immediately after the Latest Lodging Date but in any event before the Record Date make such enquiry regarding the legal restrictions, if any, under the laws of the relevant place and the requirements of the relevant regulatory body or stock exchange in the place where the Overseas Shareholders reside.
- 5.2 Subject to the provisions of this Agreement, the Underwriter's obligations under this Agreement shall terminate if, before the Latest Time for Acceptance, all the Rights Shares have been taken up in accordance with the terms of the Prospectus Documents.
- 5.3 If, however, by the Latest Time for Acceptance any of the Underwritten Shares have not been taken up, the Company shall as soon as practicable thereafter and in any event before 4:00 p.m. on the next business day following the Latest Time for Acceptance notify or procure the Registrar on behalf of the Company to notify the Underwriter in writing of the number of Unsubscribed Rights Shares, and the Company shall, pursuant to the Placing Agreement, procure the Placing Agent, on a best effort basis, to procure subscription on the terms of the Prospectus Documents (so far as the same are applicable) for the Unsubscribed Rights Shares pursuant to the Unsubscribed Arrangements.
- 5.4 The Company shall use all reasonable endeavours to procure that the requirement under Rules 7.21(1)(b) and 7.21(2) of the Listing Rules be fulfilled, including but not limited to the entering into of the Placing Agreement. If, by the Placing End Date any of the Unsubscribed Rights Shares have not been taken up, the Company shall as soon as practicable thereafter and in any event before 4:00 p.m. on the next business day following the Placing End Date notify or procure the Registrar on behalf of the Company to notify the Underwriter in writing of the number of Untaken Rights Shares, and the Untaken Rights Shares will be fully taken up by the Underwriter on the terms of the Prospectus Documents.
- 5.5 Each of the Underwriter and the Company agrees that the aggregate Subscription Price required to be paid by the Underwriter under the Rights Issue and under its underwriting obligation of this Agreement will be settled by way of cash.

- 5.6 Subject to Clauses 5.4 and 5.5, the Underwriter shall, not later than 4:00 p.m. on the Settlement Date, pay or procure payment to the Company by way of banker's draft or cashier's order drawn on a licensed bank in Hong Kong or by way of bank transfer of the aggregate Subscription Price in respect of the Untaken Rights Shares.
- 5.7 As soon as reasonably practicable following receipt by the Company of payment referred to in Clause 5.6, the Company shall arrange for delivery to the Underwriter of share certificates in respect of the fully paid Untaken Rights Shares for which the Underwriter has subscribed in such names and in such denominations as the Underwriter may reasonably require at the same time as share certificates are despatched generally to persons who have applied for the Rights Shares or, where the Underwriter has designated an investor participant or CCASS participant stock account for deposit of all or part of the Rights Shares, evidence to the satisfaction of the Underwriter that such documents and instructions required to effect the crediting of such Rights Shares have been signed or given, as the case may be.

6. OBLIGATIONS OF THE UNDERWRITER

- 6.1 Any transaction carried out by the Underwriter pursuant to Clause 5 (other than the obligations contained in Clause 6.2) shall constitute a transaction carried out at the request of the Company and as its agent and not in respect of the Underwriter's own account. The Underwriter (in relation to Clause 5) shall not be responsible for any loss or damage to any persons arising from any such transaction, except where such loss or damage arises from the breach by the Underwriter of its obligations under this Agreement or the gross negligence or willful default or omission of the Underwriter or any agent appointed by it for such purpose.
- 6.2 In acting as agent of the Company hereunder, the Underwriter shall comply with all applicable laws and shall not do or omit anything, the doing or omission of which shall or may cause the Company or any of its directors to be in breach of any applicable laws, and in particular, but without prejudice to the generality of the foregoing, shall ensure that all offers made by it of the Rights Shares are made only in compliance with all applicable law and regulation and do not require the registration of the Prospectus Documents or any of them or any other document as a prospectus or otherwise in any jurisdiction other than Hong Kong and Bermuda and the Underwriter shall not make or purport to make on behalf of the Company any representation or warranty not contained in the Prospectus Documents.
- 6.3 The Company hereby confirms the appointment of the Underwriter as underwriter of the Rights Issue subject to and upon the terms and conditions of this Agreement. The Company hereby confirms the appointment in this Clause 6.3 confers on the Underwriter all powers, authorities and discretions which are necessary for, or incidental to, the performance of its function as underwriter (including the appointment by the Underwriter, of such agents and affiliates as it reasonably deems appropriate). The Company will ratify and confirm all actions which Underwriter lawfully and properly takes pursuant to the appointment.
- 6.4 For the avoidance of doubt, the obligations of the Underwriter under this Agreement shall be limited to and shall not exceed the amount of the Underwritten Shares.

- 6.5 Subject to the fulfilment of the Conditions Precedent, the Company shall duly allot and issue the Rights Shares validly applied for and shall issue certificates for the Rights Shares to the relevant subscribers in accordance with the terms of the Prospectus Documents.
- 6.6 The Untaken Rights Shares for which the Underwriter will subscribe as provided in Clause 5.4 will be duly allotted and issued and certificates in respect thereof, or evidence that the same has been deposited into investor participant or CCASS participant stock account designated by the Underwriter, will be delivered to the Underwriter or as it may direct as soon as is reasonably practicable following receipt by the Company of evidence of settlement of payment of the aggregate Subscription Price as provided in Clause 5.5 and 5.6, in accordance with Clause 5.7.
- 6.7 The Underwriter hereby represents, warrants and undertakes to the Company that:
- (1) it has the requisite power and authority to enter into and perform its obligations under this Agreement;
 - (2) this Agreement constitutes, and any other documents required to be executed by it pursuant to the provisions of this Agreement will, when executed, constitute, valid and binding obligations of it in accordance with their respective terms; and
 - (3) no action has been or will be taken by it directly or indirectly in any jurisdiction (other than Hong Kong) that would result in a Rights Issue and/or give rise to a requirement for any prospectus to be published or filed or any registration or qualification to be made or obtained and all offers of new shares shall be made on such terms.

7. ALLOTMENT AND ISSUE

- 7.1 Subject to the fulfilment of the Conditions Precedent, the Company shall, not later than 4:00 p.m. on the business day immediately following the Settlement Date, duly allot and issue the Rights Shares validly applied for and shall issue certificates for the Rights Shares to the relevant subscribers in accordance with the terms of the Prospectus Documents.
- 7.2 The Underwritten Shares taken up by the Underwriter as provided in Clause 5.4 or for which it has procured subscribers will be duly allotted and issued and certificates in respect thereof, or evidence that the same has been deposited into investor participant or CCASS participant stock account designated by the Underwriter, will be delivered to the Underwriter or as it may direct as soon as is reasonably practicable following receipt by the Company of payment as provided in Clause 5.6, in accordance with Clause 5.7.

8. FEES AND EXPENSES

- 8.1 In consideration of the Underwriter's obligations under this Agreement to underwrite the Underwritten Shares and for its services under this Agreement, the Underwriter will be entitled to:

- (1) an underwriting commission of one per cent (1%) of the aggregate Subscription Price in respect of the maximum number of Underwritten Shares (i.e. 524,298,882 Rights Shares) committed to be underwritten, subscribed for or procured subscription for by the Underwriter; and
 - (2) subject to the due performance by the Underwriter of its obligations hereunder, the Company shall reimburse and by not later than the date of despatch of the share certificates in respect of the Rights Shares make payment to the Underwriter all reasonable costs, fees and out-of-pocket expenses properly incurred by it in connection with the underwriting of the Underwritten Shares and agreed in advance by the Company in writing. Out of the commission referred to in Clause 8.1(1), the Underwriter will pay any commissions, costs and expenses incurred by it in respect of any sub-underwriting of the Underwritten Shares.
- 8.2 The amount referred to in Clause 8.1(1) shall not be payable if this Agreement does not become unconditional. Payment of the amounts of the reasonable costs, fees and out-of-pocket expenses properly incurred by the Underwriter in connection with the underwriting of the Underwritten Shares referred to in Clauses 8.1(2) shall be made whether or not the Underwriter's obligations under this Agreement become unconditional or are terminated pursuant to Clause 12.
- 8.4 The amounts payable pursuant to Clause 8.1 may be withheld by the Underwriter from any payment to be made by the Underwriter to the Company pursuant to Clause 5.6. In the event of that the amount of the subscription moneys payable by the Underwriter being less than the full amount due to the Underwriter, the amounts payable pursuant to Clause 8.1, or the balance thereof, shall be due and payable as soon as reasonably practicable and in any event not later than the date of despatch of the share certificates in respect of the Rights Shares or, where the Underwriter has designated an investor participant or CCASS participant stock account for deposit of all or part of the Rights Shares, the date of effecting the crediting of such Rights Shares or such other date as may be agreed between the Company and Underwriter.
- 8.5 The Company shall bear its own legal fees, accountancy and other professional fees, the Registrar's fees, the cost of printing and distributing the Announcement and the Prospectus Documents and all other costs, charges and expenses relating to the issue of the Rights Shares and associated transactions (including, without limitation, all fees payable to the Stock Exchange in connection with the listing of the Rights Shares and capital duty (if any) payable on the issue of its share capital). The Company shall forthwith upon request by the Underwriter reimburse the Underwriter for any such expenses as are referred to above which the Underwriter may have properly paid or incurred on behalf of the Company.

9. ANNOUNCEMENTS

Save as expressly required hereunder or as otherwise required by the Stock Exchange or the SFC, no public announcement or communication to Shareholders or to the Stock Exchange or to the SFC concerning the Company and/or its subsidiaries which is material in relation to the Rights Issue shall be made or despatched by the Company or the Underwriter between the date hereof and, if all the Underwritten Shares are

taken up, the Latest Time for Acceptance or, in any other case, the time at which the Underwriter is obliged to make payment under Clause 5.6, without prior written approval from the Company and the Underwriter as to the content, timing and manner of making or despatch thereof which approval shall not be unreasonably withheld or delayed.

10. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

10.1 The Company represents and warrants to and undertakes with the Underwriter in the following terms:

- (a) the facts stated in the Recitals to this Agreement are true and accurate in all material respects;
- (b) all statements of fact contained or to be contained in the Announcement or the Prospectus Documents (including, in particular, the section headed “Reasons for and benefits of the Rights Issue and use of proceeds”) are and will at the date of issue thereof be true and accurate in all material respects and not misleading and all expressions of opinion, intention and expectation expressed therein (including, in particular, the section headed “Reasons for the Rights Issue and use of proceeds”) are and will be fair and made after due and careful consideration;
- (c) there will be no information not disclosed in the Prospectus Documents (i) the omission of which makes any statement therein misleading or which, in the context of the issue of the Rights Shares, might be material for disclosure therein or (ii) which is necessary to enable investors to make an informed assessment of the activities, assets and liabilities, financial position, management, profits and losses and prospects of the Company and of the rights attaching to the Rights Shares;
- (d) the audited combined balance sheet of the Company as at 31 December 2021, and the audited combined profit and loss account of the Company for the financial year ended on such date (including the notes thereto) were prepared in accordance with the applicable laws and on a basis consistent with that adopted in preparing the audited accounts for the previous financial period in accordance with accounting principles, standards and practices generally accepted in Hong Kong so as to give (except to the extent (if any) disclosed therein) a true and fair view of the state of affairs of the Company as at the relevant dates and the profit or loss of the Company for the relevant financial periods. Save as disclosed in the interim report for the six months ended 30 June 2022 and the profit warning announcement of the Company dated 15 March 2023, there has been no material adverse change in the financial or trading position of the Company or any of its subsidiaries since 31 December 2021;
- (e) the returns for taxation purposes, which ought to have been made by or in respect of each of the companies in the Company in Hong Kong and any other part of the world, have been duly made and there are no circumstances known to any company in the Company or any of their respective directors, after

making due and careful enquiry, which might be the occasion of any such dispute which is material and all such returns are in all material respects up to date, correct and on a proper basis and are not the subject of any material dispute with the relevant revenue or other appropriate authorities;

- (f) there are existing valid policies of insurance against all liabilities, risks and losses against which it is normal or prudent to insure in respect of all property and assets owned by and all businesses carried on by the companies in the Company and nothing has been done or has been omitted to be done whereby any of the said policies has or may become void or is likely to be avoided;
- (g) the statements, forecasts, estimates and expressions of opinion contained in the Announcement and to be contained in the Prospectus have been and will at the respective dates of issue thereof be made after due and proper consideration, are and will at the respective dates of issue thereof be fair and honest and represent reasonable expectations based on facts known to the Company and/or the Directors or any of them;
- (h) all information necessary for the purpose of, or in the course of preparation of, the Announcement and the Prospectus and the replies to the Verification Notes, or which ought reasonably to have been disclosed or made available by the Company or the Directors was so disclosed or made available to the Underwriter or its legal advisers (if any) fully, fairly and accurately and the replies to the Verification Notes (which will be prepared or approved by persons having appropriate knowledge and responsibility to enable them properly to provide such replies) given by the Company and the Directors will be true, accurate and complete in all material respects and will contain all material information and particulars with regard to the subject matter thereof;
- (i) the Company is duly incorporated in and under the laws of its place of incorporation and has full power and authority to conduct its business as now carried on;
- (j) save and except the lawsuit in India that has been disclosed in the public announcements and/or financial reports of the Company, neither the Company nor any of its subsidiaries is engaged in any litigation, arbitration, prosecution or other legal proceeding of material importance nor is there any such proceeding pending or threatened against the Company or any of its subsidiaries, nor is there any claim or fact likely to give rise to any claim which in any such case may have or has had a significant effect on the financial position of the Company and its subsidiaries taken as a whole or which is material in the context of the Rights Issue;
- (k) neither the Company nor any of its subsidiaries has entered into any contract or commitment of an unusual or onerous nature which, in the context of Rights Issue, might be material for disclosure;
- (l) the Company and each of its subsidiaries has carried on its business in the ordinary and usual course and there has been no material adverse change in the financial or trading position of the Company or any of its subsidiaries

which has not been fully and properly disclosed by the Company in the form of an announcement in accordance with the Listing Rules or otherwise as required by the Listing Rules;

- (m) no order has been made and no resolution has been passed for the winding up of, or for a provisional liquidator to be appointed in respect of, the Company or any of its subsidiaries, and no petition has been presented and no meeting has been convened for the purpose of winding up any of the same; no receiver has been appointed in respect of the Company or any of its subsidiaries or all or any of its assets; none of the Company or any of its subsidiaries is insolvent, or unable to pay its debts within the meaning of section 178 of the CWUMPO, or has stopped paying its debts as they fall due; and no unsatisfied judgment which is material to the condition of the Company is outstanding against the Company or any of its subsidiaries;
- (n) the Prospectus Documents will contain all particulars and information required by, and will be in accordance with the CWUMPO, the rules and regulations of the Stock Exchange, the Takeovers Code and all other relevant Ordinances and governmental regulations in Hong Kong and in Bermuda and shall not involve any breach of or default under any agreement, trust deed or instrument to which the Company is a party;
- (o) no material outstanding indebtedness or guarantee or indemnity of any liability of the Company or any of its subsidiaries has become payable by reason of default by the Company or any of its subsidiaries and no event has occurred or is pending which with the lapse of time or the fulfillment of any condition or the giving of notice or the compliance with any other formality may result in any such indebtedness or guarantee or indemnity of any liability becoming so payable;
- (p) the Company shall not from the date hereof until after the Latest Time for Acceptance issue any Shares or issue or grant any share options or other securities convertible into, exchangeable for or which carry rights to acquire Shares;
- (q) the Company has power under its memorandum of association and bye-laws, has taken all necessary corporate or other action, and no other consents, actions, authorisations or approvals are necessary to enable or authorise it:
 - (i) to allot and issue the Rights Shares required to be provisionally allotted pursuant to the terms of this Agreement in accordance with the Prospectus Documents without any sanction;
 - (ii) to deal with the Rights Shares attributable to the Non-Qualifying Shareholders as may be specified in the Prospectus Documents;
 - (iii) to enter into and perform its obligations under this Agreement and to make the Rights Issue;
- (r) the Rights Shares, when fully paid, shall be free from all liens, charges,

encumbrances and third party rights, interests or claims of any nature whatsoever; and

- (s) the obligations of the Company under this Agreement constitute legally valid and binding obligations of it enforceable in accordance with the terms herein.
- 10.2 The Company hereby undertakes to use all reasonable endeavours not to cause or permit any Specified Event to occur prior to the Latest Time for Termination, and, if this Agreement is not rescinded pursuant to Clause 12, all such warranties, representations and undertakings as are contained in Clause 10.1 above shall be deemed to have been repeated as at the Latest Time for Termination with reference to the facts and circumstances then subsisting.
- 10.3 If any Specified Event shall occur or come to the knowledge of the Company prior to the Latest Time for Termination, it shall as soon as reasonably practicable give notice to the Underwriter of the same.
- 10.4 The Underwriter hereby represents to the Company that it is beneficially interested in 124,950,000 Shares, representing approximately 25.39% of the total issued share capital of the Company as at the date of this Agreement. In addition, as at the date of this Agreement, Grand Citi is beneficially interested in 17,678,902 Shares, representing approximately 3.59% of the total issued share capital of the Company. Grand Citi is beneficially owned as to 58.62% by the Underwriter. The Underwriter hereby further irrevocably undertakes to the Company that:
- (1) it will subscribe and/or procure subscriptions for 213,943,353 Rights Shares which comprise the full acceptance of the provisional entitlement in respect of the aggregate of 142,628,902 Shares beneficially held by the Underwriter and Grand Citi;
 - (2) it will not and will procure Grand Citi not to dispose of any of the 124,950,000 Shares and 17,678,902 Shares comprising the current shareholding in the Company owned by the Underwriter and Grand Citi, respectively, and such Shares will remain beneficially owned by the Underwriter or Grand Citi, respectively, up to and including the Record Date (as defined below);
 - (3) it will, and will procure Grand Citi to accept, its (as applicable) entitlements under the Rights Issue for an aggregate of 213,943,353 Rights Shares; and
 - (4) it will and will procure Grand Citi lodge the Application Form in respect of the Rights Shares referred to in Clause 10.4(1) accompanied by appropriate remittances which shall be honoured on first presentation and otherwise comply with the procedures for such acceptance and application as described in the Prospectus Documents prior to the Latest Time for Acceptance.
- 10.5 The foregoing provisions of this Clause 10 will continue in full force and effect notwithstanding the completion of the Rights Issue.

11. INDEMNITY

11.1 The Company shall on demand indemnify the Underwriter and shall on demand hold the Underwriter indemnified against all loss or liability of any nature (including, without limitation, claims, costs, charges and expenses) whatsoever arising from or in respect of any breach by the Company of any provision of this Agreement, or any claim which may be brought or threatened to be brought against the Underwriter (whether or not such claim is successfully compromised or settled) in each case arising out of or in relation to or by reason of the performance by the Underwriter of its obligations hereunder (and provided that such loss or liability is not connected with any failure by any of the Underwriter to comply with its obligations under Clause 5.3), by any subscriber or sub-underwriter of any of the Rights Shares or any subsequent purchaser or transferee thereof or any other person claiming that it has suffered loss in respect of them as a result of:

- (a) the Prospectus Documents not containing all the information required by law or pursuant to the rules of the Stock Exchange, the Takeovers Code or other relevant authority or body to be stated therein or on the grounds that any statement, estimate or forecast contained in the Prospectus Documents is untrue, inaccurate or misleading in any material respect;
- (b) the Prospectus Documents failing or being alleged in failing to disclose sufficient information necessary to enable an informed assessment to be made by a sophisticated investor of the assets and liabilities, financial position, profits and losses, and prospects of the Company or of the rights attaching to the Rights Shares;
- (c) any claims and proceedings arising out of matters which constitute a material breach of the representations and warranties in Clause 10;
- (d) any breach of the laws or regulations of any country resulting from the allotment or issue of the Rights Shares or the distribution of the Prospectus Documents;
- (e) any material misrepresentation by either the Company or any of the Directors or any employee of the Company in connection with the Rights Issue; or
- (f) the allotment or issue of the Rights Shares,

including in any such case (but without prejudice to the generality of the foregoing) all reasonable costs, charges and expenses of whatever nature which the Underwriter may properly incur or bear in disputing any such claim made against it or establishing any claim on their part under this Clause 11 provided that this indemnity shall not relate to any claims or proceedings costs or expenses arising from any negligent act, omission or default, on the part of the Underwriter and that the conduct of the defence (including any settlement of any such claim) shall be carried out by the Underwriter after, and on the basis of, regular consultation with the Company.

11.2 The Company shall not make any claim against the Underwriter to recover any damages which the Company may suffer arising out of the performance by the

Underwriter of its obligations hereunder, provided that such damages do not arise from any negligent act, omission or default on the part of the Underwriter.

- 11.3 If the Underwriter becomes aware of any claim relevant for the purposes of Clause 11.1 and to the extent permitted by applicable laws, rules and regulations, it shall give notice in writing thereof to the Company and shall take such action as the Company may reasonably request to avoid, dispute, resist, defend or appeal against the claim and any adjudication in respect thereof but subject to the Underwriter being indemnified and secured to its reasonable satisfaction against all losses and expenses to which it might thereby render himself liable to suffer and incur including, without limitation, reasonable legal expenses properly incurred by its legal advisers.

12. RESCISSION AND TERMINATION

- 12.1 If, prior to the Latest Time for Termination (provided that for the purposes of this Clause 12 if the date of the Latest Time for Termination shall be a business day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9.00 a.m. and 4.00 p.m. on that day, the date of the Latest Time for Termination shall be the next business day on which no tropical cyclone warning signal no. 8 or above or no black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day):

- (1) in the reasonable opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date thereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of the Underwriter is likely to materially or adversely

affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or

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

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate this Agreement.

12.2 The Underwriter shall be entitled by notice in writing to rescind this Agreement if prior to the Latest Time for Termination:

- (1) any material breach of any of the representations, warranties or undertakings contained in Clause 10.1 above comes to the knowledge of the Underwriter; or
- (2) any Specified Event comes to the knowledge of the Underwriter.

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination.

12.3 If prior to the Latest Time for Termination any such notice as is referred to above is given by the Underwriter, the obligations of all parties under this Agreement (save and except this Clause 12.3 and Clauses 11, 14 and 16 which shall remain in full force and effect and save further that the Company shall pay the fees and expenses specified in Clause 8.1 shall terminate forthwith and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent

breaches. For the avoidance of doubt, the Underwriter shall not be entitled to give a notice pursuant to Clauses 12.1 or 12.2 at any time after its obligations under Clause 5.3 have terminated pursuant to Clause 5.2.

12.4 If this Agreement is terminated by the Underwriter at such time before the Latest Time for Termination but after the Underwriter has in accordance with Clause 5.4 paid or procured payment to the Company of the aggregate Subscription Price in respect of the Underwritten Shares for which the Underwriter is obliged to procure subscription under the provisions of Clause 5.3, the Company shall, not later than the end of the second business day after (but not including) the date of receipt of the notice of termination issued by the Underwriter pursuant to Clause 12.1 or Clause 12.2, remit to the Underwriter such amount of aggregate Subscription Price which it has received from the Underwriter.

12.5 Rescission or termination of this Agreement under this Clause 12 shall be without prejudice to any rights of any party in respect of any breach by the other prior to such rescission or termination.

13. TIME OF THE ESSENCE

Any time, date or period mentioned in this Agreement may be extended by mutual agreement between the parties hereto, but as regards any time, date or period originally fixed or any time, date or period so extended as aforesaid, time shall be of the essence.

14. NOTICES

14.1 Any notice required to be given hereunder will be deemed to be duly served if left at or sent by hand or facsimile transmission or pre-paid post to the registered office or to the following addresses and facsimile numbers and where relevant, marked for the attention of the following persons:

<u>Party</u>	<u>Address</u>	<u>Facsimile number</u>
The Company	Unit 516, 5/F., Peninsula Centre, 67 Mody Road Tsim Sha Tsui East, Kowloon Hong Kong <u>Attn: The board of directors</u>	(852) 2587 7728
The Underwriter	14th Floor, 237 Fuxing South Road, Section 2, Taipei, Taiwan <u>Attn: The board of directors</u>	(866) 2 2754 3878

14.2 Any such notice will be deemed to be served if sent by facsimile on receipt of answerback, if sent by hand at the time when the same is handed to or left at the address of the party to be served, and if sent by post on the day (excluding Sundays or Hong Kong public holidays) after the day of posting.

15. COUNTERPARTS

This Agreement may be entered into in any number of counterparts, all of which taken together shall constitute one and the same instrument. Any party may enter into this Agreement by executing any such counterpart.

16. GOVERNING LAW

16.1 This Agreement shall be governed by and construed in accordance with the laws of Hong Kong.

16.2 The parties hereby irrevocably submit to the non-exclusive jurisdiction of the courts of Hong Kong but this Agreement may be enforced in any other court in competent jurisdiction.

16.3 Any liability of any party hereunder to any other party may in whole or in part be released, compounded or compromised and time or indulgence may be given by any party hereunder as regards any other party under such liability without prejudicing that party's rights against any other person under the same or a similar liability.

16.4 Notwithstanding any other provisions of this Agreement, a person who is not a party to this Agreement shall not have any rights under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) to enforce any provisions of this Agreement.

IN WITNESS WHEREOF this Agreement has been entered into the day and year first above written.

THE COMPANY

SIGNED by [CHEN WEI CHUN])
)
a director, for and on behalf of)
)
SANDMARTIN INTERNATIONAL)
HOLDINGS LIMITED)
)
in the presence of:)

陳偉鈞

THE UNDERWRITER

SIGNED by [YAU DENNIS WAI TAK])
)
a director, for and on behalf of)
)
FIRST STEAMSHIP)
COMPANY LIMITED)
)
in the presence of: Lin Hui Chi)

IN WITNESS WHEREOF this Agreement has been entered into the day and year first above written.

THE COMPANY

SIGNED by [CHEN WEI CHUN])
)
a director, for and on behalf of)
)
SANDMARTIN INTERNATIONAL)
HOLDINGS LIMITED)
)
in the presence of:)

THE UNDERWRITER

SIGNED by [YAU DENNIS WAI TAK])
)
a director, for and on behalf of)
)
FIRST STEAMSHIP)
COMPANY LIMITED)
)
in the presence of: Lin Hui Chi)

Yau Dennis Wai Tak

Lin Hui Chi



EXHIBIT
Announcement

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.



Sandmartin International Holdings Limited

聖馬丁國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 482)

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

Financial advisor to the Company



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

Placing Agent of the Rights Issue



萬基證券有限公司
MORTON SECURITIES LIMITED

Independent Financial Advisor



紅日資本有限公司
RED SUN CAPITAL LIMITED

PROPOSED RIGHTS ISSUE

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

* For identification purpose only

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

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

Irrevocable Undertaking

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

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

The Compensatory Arrangements and the Placing Agreement

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

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

THE UNDERWRITING AGREEMENT

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

LISTING RULES IMPLICATIONS

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

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

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

TAKEOVERS CODE IMPLICATIONS AND APPLICATION FOR WHITEWASH WAIVER

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

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

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

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

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

THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

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

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

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

DESPATCH OF CIRCULAR AND PROSPECTUS DOCUMENTS

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

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

SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES

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

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

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

The Shares are expected to be dealt in on an ex-rights basis from [Wednesday, 10 May] 2023. Dealings in the Rights Shares in nil-paid form are expected to take place from [Tuesday, 23 May] 2023 to [Wednesday, 31 May] 2023. Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

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

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

PROPOSED RIGHTS ISSUE

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

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

Subscription Price: HK\$[0.12] per Rights Share

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

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

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

Subscription Price

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

The Subscription Price represents:

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

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

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

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

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

Qualifying Shareholders

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

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

In order to be registered as members of the Company on the Record Date, all transfers of Shares (together with the relevant share certificate(s)) must be lodged with the Registrar, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong by not later than 4:30 p.m. on [Thursday, 11 May] 2023. It is expected that the last day of dealing in the Shares on a cum-rights basis is [Tuesday, 9 May] 2023 and the Shares will be dealt with on an ex-rights basis from [Wednesday, 10 May] 2023.

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

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

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

Non-Qualifying Shareholders

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

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

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

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

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

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

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

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

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

Basis of provisional allotments

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

Irrevocable Undertaking

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

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

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

Application for listing

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

Rights Shares will be eligible for admission into CCASS

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

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

STATUS OF THE RIGHTS SHARES

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

STAMP DUTY AND OTHER APPLICABLE FEES AND CHARGES

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

SHARE CERTIFICATES FOR THE RIGHTS SHARES AND REFUND CHEQUES

Subject to the fulfilment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be sent by ordinary post on or before [Tuesday, 20 June] 2023 to those persons who have validly accepted and, where applicable, applied for, and paid for the Rights Shares, at their own risk, to their registered addresses. Each allottee will receive one share certificate for all allotted Rights Shares.

If the Rights Issue does not proceed, the monies received by the Company in respect of the subscription for the Rights Shares will be refunded to the Qualifying Shareholders or such other person to whom the nil-paid rights have been validly renounced or transferred or, in the case of joint acceptances, to the first-named person, without interest and by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other person to their registered addresses by the Registrar on or around [Tuesday, 20 June] 2023.

FRACTIONAL ENTITLEMENT TO THE RIGHTS SHARES

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

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

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

The Company appointed the Placing Agent to place the Unsubscribed Rights Shares after the Latest Time for Acceptance to the Placees on a best effort basis, and any premium over the aggregate amount of (i) the Subscription Price for those Rights Shares; and (ii) the expenses of the Placing Agent (including any other related costs and expenses), that is realised from the Placing (the “Net Gain”) will be paid to those No Action Shareholders in the manner set out below. The Placing Agent will, on a best effort basis, procure, by not later than 4:00 p.m. on [Tuesday, 13 June] 2023, acquirers who are not Shareholders for all (or as many as possible) of those Unsubscribed Rights Shares at a price not less than the Subscription Price. Any unsold Unsubscribed Rights Shares under the Compensatory Arrangements will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

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

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

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

Placing Agreement for the Unsubscribed Rights Shares

Details of the Placing Agreement are summarised as follows:

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

Conditions of the Placing Agreement

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

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

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

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

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

THE UNDERWRITING AGREEMENT

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

Date: [15] March 2023 (after trading hours of the Stock Exchange)

Underwriter: First Steamship, a substantial shareholder of the Company as at the date of this announcement. It is not in the ordinary course of business of First Steamship to underwrite securities.

Number of Rights Shares to be underwritten by the Underwriter: [524,298,882] Rights Shares (assuming no new Shares will be issued or repurchased on or before the Record Date)

Underwriting Commission: [1]% of the aggregate subscription amount in respect of the maximum number of [524,298,882] Rights Shares committed to be underwritten, subscribed for or procured subscription for by the Underwriter.

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

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

Conditions of the Rights Issue

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

- (a) the passing by the Independent Shareholders at the SGM of (1) ordinary resolutions to approve the Underwriting Agreement, the Placing Agreement, the Rights Issue and the transactions contemplated thereunder; and (2) a special resolution to approve the Whitewash Waiver (at least 75% of the Independent Shareholders at the SGM by way of poll) in accordance with the Listing Rules and the Takeovers Code respectively;
- (b) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents duly signed by the Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Prospectus Posting Date;

- (c) the posting of the Prospectus Documents to the Qualifying Shareholders by the Prospectus Posting Date and the posting of the Prospectus and a letter to the Non-Qualifying Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;
- (d) the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Rights Shares (in their nil-paid and fully-paid forms) by no later than the Business Day prior to the first day of their dealings;
- (e) compliance with the requirements under the applicable laws and regulations of Hong Kong and Bermuda;
- (f) the Executive granting the Whitewash Waiver to the Underwriter and the satisfaction of all conditions (if any) attached to the Whitewash Waiver granted;
- (g) the obligations of the Underwriter becoming unconditional and that the Underwriting Agreement is not terminated in accordance with its terms;
- (h) the compliance with and performance of all the undertakings and obligations of the Underwriter under the Irrevocable Undertaking; and
- (i) all necessary consents and approvals to be obtained on the part of each of the Underwriter and the Company in respect of the Underwriting Agreement and the transactions contemplated thereunder having been obtained.

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

Termination of the Underwriting Agreement

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

1. in the reasonable opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
 - (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
 - (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date thereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
2. any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
3. there is any change in the circumstances of the Company or any member of the Group which in the reasonable opinion of the Underwriter will materially and adversely affect the prospects of the Group, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or the destruction of any material asset of the Group; or
4. any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which in the reasonable opinion of the Underwriter will materially and adversely affect the success of the Rights Issue and/or the prospects of the Group taken as a whole; or

5. any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
6. any matter which, had it arisen or been discovered immediately before the date of the Prospectus Documents and not having been disclosed in the Prospectus Documents, would have constituted, in the reasonable opinion of the Underwriter, an omission which is material in the context of the Rights Issue; or
7. any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive Business Days, excluding any suspension in connection with the clearance of the Announcement or the Prospectus Documents or other announcements in connection with the Rights Issue.

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

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

EFFECTS ON THE SHAREHOLDING STRUCTURE

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

	As at the date of this announcement		Immediately after completion of the Rights Issue (assuming full acceptance of the Rights Shares by all Qualifying Shareholders)		Immediately after completion of the Rights Issue (assuming no acceptance of the Rights Shares by the Qualifying Shareholders (other than First Steamship and Grand Citi pursuant to the Irrevocable Undertaking) and all of the Unsubscribed Rights Shares are fully placed to the Places under the Compensatory Arrangements)		Immediately after completion of the Rights Issue (assuming no acceptance of the Rights Shares by the Qualifying Shareholders (other than First Steamship and Grand Citi pursuant to the Irrevocable Undertaking) and all of the Untaken Rights Shares are taken up by the Underwriter)	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
First Steamship	124,950,000	25.39%	312,375,000	25.39%	312,375,000	25.39%	836,673,882	68.00%
Grand Citi	17,678,902	3.59%	44,197,255	3.59%	44,197,255	3.59%	44,197,255	3.59%
First Steamship and parties acting in concert with it	142,628,902	28.98%	356,572,255	28.98%	356,572,255	28.98%	880,871,137	71.59%
Legacy Trust Company Limited (Note 1)	76,520,000	15.55%	191,300,000	15.55%	76,520,000	6.22%	76,520,000	6.22%
Metroasset Investments Limited (Note 2)	70,718,859	14.37%	176,797,147	14.37%	70,718,859	5.75%	70,718,859	5.75%
Places	-	-	-	-	524,298,882	42.61%	-	-
Other public Shareholders	202,293,729	41.10%	505,734,322	41.10%	202,293,729	16.44%	202,293,729	16.44%
Total	492,161,490	100.00	1,230,403,725	100.00	1,230,403,725	100.00	1,230,403,725	100.00

Notes:

1. These Shares are held by Legacy Trust Company Limited, which is wholly owned by Mr. Vincent Chok.
2. These Shares are held by Metroasset Investments Limited, 45.09%, 43.38% and 10.53% of the issued share capital of which are beneficially owned by Mr. Hung (an executive Director), Ms. Chen Mei Huei (spouse of Mr. Hung) and Mr. Hung Chih Chun (son of Mr. Hung) respectively.
3. Certain figures and percentage included in the above table have been subject to rounding adjustments.

EXPECTED TIMETABLE

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

Event	Date (Hong Kong time)
	2023
Despatch of the Circular together with notice of SGM and proxy form for SGM	Friday, 14 April
Latest time for lodging transfer documents of the Shares to qualify for attendance and voting at the SGM	4:30 p.m. on Friday, 28 April
Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the SGM (both dates inclusive)	Tuesday, 2 May to Monday, 8 May
Latest time for lodging proxy forms for the SGM	[11:00 a.m.] on Saturday, 6 May
Record date for attendance and voting at the SGM	Monday, 8 May
Expected date and time of the SGM	[11:00 a.m.] on Monday, 8 May
Announcement of the poll results of the SGM	Monday, 8 May
Register of members re-opens	Tuesday, 9 May
Last day of dealings in the Shares on a cum-entitlement basis relating to the Rights Issue	Tuesday, 9 May
First day of dealings in Shares on an ex-entitlement basis relating to the Rights Issue	Wednesday, 10 May

Latest time for the Shareholders to lodge transfer documents of Shares in order to be qualified for the Rights Issue	4:30 p.m. on Thursday, 11 May
Closure of register of members to determine the eligibility of the Rights Issue (both dates inclusive)	Friday, 12 May to Thursday, 18 May
Record date for the Rights Issue	Thursday, 18 May
Register of members re-opens	Friday, 19 May
Despatch of the Prospectus Documents (including the PAL and the Prospectus) (in case of the Non-Qualifying Shareholders, the Prospectus only)	Friday, 19 May
First day of dealings in nil-paid Rights Share	Tuesday, 23 May
Latest time for splitting the PAL	4:30 p.m. on Thursday, 25 May
Last day of dealing in nil-paid Rights Shares	Wednesday, 31 May
Latest time for lodging transfer documents of nil-paid Rights Shares in order to qualify for the Compensatory Arrangements	4:00 p.m. on Monday, 5 June
Latest time for acceptance of and payment for the Rights Shares	4:00 p.m. on Monday, 5 June
Announcement of the number of Unsubscribed Rights Shares	Wednesday, 7 June
Commencement of placing of Unsubscribed Rights Shares by the Placing Agent	Thursday, 8 June
Latest time of placing of the Unsubscribed Rights Shares by the Placing Agent	4:00 p.m. on Tuesday, 13 June

Latest time for terminating the Underwriting Agreement and for the Rights Issue to become unconditional	4:00 p.m. on Tuesday, 13 June
Announcement of results of the Rights Issue and the Whitewash Waiver (including results of the placing of Unsubscribed Rights Shares and the amount of the Net Gain per Unsubscribed Rights Share under the Compensatory Arrangements)	Monday, 19 June
Despatch of share certificates for fully-paid Rights Shares	on or before Tuesday, 20 June
Refund cheques, if any, to be despatched (if the Rights Issue is terminated)	on or before Tuesday, 20 June
Commencement of dealings in fully-paid Rights Shares	9:00 a.m. on Wednesday, 21 June
Payment of the Net Gain to relevant No Action Shareholders (if any) or Non-Qualifying Shareholders (if any)	Monday, 3 July

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

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

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

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

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

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from [Tuesday, 2 May 2023] to [Monday, 8 May 2023] (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the SGM and from [Friday, 12 May 2023] to [Thursday, 18 May 2023] (both days inclusive) for determining the entitlement to the Rights Shares. No transfer of Shares will be registered during the above book closure periods.

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

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

As disclosed in the interim report of the Company for the six months ended 30 June 2022, as at 30 June 2022, the bank and other borrowing of the Group amounts to approximately HK\$[388.29] million (“**Outstanding Loans**”), out of which approximately HK\$[371.56] million is current liabilities, and the Group had net current liabilities of approximately HK\$209.53 million. The interest rates on the Outstanding Loans ranged between [1.0% and 10% per annum]. For the year ended 31 December 2021, the Group incurred finance costs of approximately HK\$[28.14] million. The lenders of the Outstanding Loans have demanded the Group to repay all or partial of such loans. In view of the financial position of the Group, the Company has imminent needs to raise fund for repaying the Outstanding Loans.

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

- (i) approximately HK\$[73.61] million for repayment of part of the Outstanding Loans with the highest interest rate of [10]% per annum (including principal amount of approximately HK\$58.88 million and accrued interest of approximately HK\$14.73 million). It is estimated that the finance costs of the Group will be reduced by approximately HK\$[5.89] million per annum after repayment of such Outstanding Loans and the financial results of the Group are expected to improve as a result.
- (ii) approximately HK\$[10.98] million for the general working capital of the Group.

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

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

INFORMATION ON THE UNDERWRITER

First Steamship is a company listed on the Taiwan Stock Exchange Corporation (“TWSE”) (TWSE stock code: 2601). First Steamship’s principal business activities include dry bulk carrier shipping, professional vessel management and crewing services and operation of department store. As at the date of this announcement, none of the shareholders of First Steamship is interested in 10% or more of the issued shares of First Steamship.

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

FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

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

LISTING RULES IMPLICATIONS

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

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

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

TAKEOVERS CODE IMPLICATIONS AND APPLICATION FOR WHITEWASH WAIVER

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

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

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

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

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

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

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

- (i) do not own, control or have control or direction over any voting rights and right over Shares, outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of securities in the Company, or hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company, save for the Shares as set out in the section headed “Effects on the Shareholding Structure” in this announcement;
- (ii) have not received any irrevocable commitment to vote for or against the Rights Issue, the Placing Agreement, the Underwriting Agreement and/or the Whitewash Waiver;
- (iii) have not borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (iv) do not have any arrangements referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, which might be material to the Rights Issue and/or the Underwriting Agreement and/or the Whitewash Waiver, with any other persons, save for the Underwriting Agreement and the Irrevocable Undertaking in respect of the interests in the Shares held by it;

- (v) do not have any agreement or arrangement to which it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Rights Issue and/or the Underwriting Agreement and/or the Whitewash Waiver, except that the Rights Issue and the Underwriting Agreement are conditional upon, among other things, obtaining of the Whitewash Waiver as set out in the sub-section headed “Conditions of the Rights Issue” under the section headed “The Underwriting Agreement” of this announcement;
- (vi) have not entered into any derivative in respect of the relevant securities in the Company which are outstanding; and
- (vii) have not dealt in any relevant securities of the Company in the six-month period preceding the date of this announcement, save for the intra-group transfer of 124,950,000 Shares on 29 November 2022 whereby First Mariner Holding Limited, a wholly-owned subsidiary of First Steamship, completed the transfer of 124,950,000 Shares to First Steamship pursuant to an internal group restructuring of its assets in 2022.

As at the date of this announcement,

- (i) [apart from the underwriting commission payable by the Company to First Steamship pursuant to the terms of the Underwriting Agreement, the placing commission payable by the Company to the Placing Agent pursuant to the terms of the Placing Agreement and the financial advisory fee payable by the Company to Yu Ming in respect of the Rights Issue (the “**FA Engagement**”)], the Company has not paid and will not pay any other consideration, compensation or benefit in whatever form to First Steamship and parties acting in concert with it (including Grand Citi) in connection with the Rights Issue;
- (ii) apart from the Underwriting Agreement and the Irrevocable Undertaking therein, the Placing Agreement and the FA Engagement, there is no other understanding, arrangement or special deal between the Group on the one hand, and First Steamship and parties acting in concert with it (including Grand Citi) on the other hand; and
- (iii) there is no understanding, arrangement or agreement or special deal between (a) any Shareholder; and (b) First Steamship and parties acting in concert with it (including Grand Citi); or the Company, its subsidiaries or associated companies.

SGM

The register of members of the Company will be closed from [Tuesday, 2 May] 2023 to [Monday, 8 May] 2023 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the SGM. For the avoidance of doubt, the Non-Qualifying Shareholders are entitled to attend and vote at the SGM.

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

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

THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

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

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

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

DESPATCH OF CIRCULAR AND PROSPECTUS DOCUMENTS

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

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

SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES

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

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

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

The Shares are expected to be dealt in on an ex-rights basis from [Wednesday, 10 May] 2023. Dealings in the Rights Shares in nil-paid form are expected to take place from [Tuesday, 23 May] 2023 to [Wednesday, 31 May] 2023. Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

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

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

DEFINITIONS

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

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

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

“Independent Shareholder(s)”	the Shareholders other than First Steamship, its associates and parties acting in concert with it (including Grand Citi) and any Shareholders who are involved in, or interested in (other than by being a Shareholder), or have a material interest in the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder and/or the Whitewash Waiver
“Independent Third Party(ies)”	third party(ies) independent of the Company and any connected person(s) of the Company and not a connected person of the Company
“Irrevocable Undertaking”	the irrevocable undertaking given by First Steamship in favour of the Company under the Underwriting Agreement and described in the sub-section headed “The Irrevocable Undertaking” under the section headed “Proposed Rights Issue” in this announcement
“Last Trading Day”	[15] March 2023, being the last trading day of the Shares before the release of this announcement
“Latest Acceptance Date”	[Monday, 5 June] 2023
“Latest Time for Acceptance”	4:00 p.m. on [Monday, 5 June] 2023, or such other date and/or time as may be agreed between the Company and the Underwriter, being the latest time for acceptance of, and the payment for, the Rights Shares under the Rights Issue
“Latest Time for Termination”	4:00 p.m. on [Tuesday], [13 June] 2023, or such other time or date as may be agreed between the Company and the Underwriter in writing, being the latest time to terminate the Underwriting Agreement
“Listing Committee”	has the same meaning ascribed thereto under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Hung”	Mr. Hung Tsung Chin, an executive Director

“Mr. Kuo”	Mr. Kuo Jen Hao, a non-executive Director and chairman of the Company
“No Action Shareholder(s)”	Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or their renounces, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed, or Non-Qualifying Shareholders (as the case may be)
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) whom the Directors, after making enquiries regarding the legal restrictions under the laws of the relevant jurisdictions or the requirements of the relevant overseas regulatory bodies or stock exchanges, consider it necessary or expedient to exclude them from the Rights Issue
“NQS Rights Shares”	the Rights Share(s) which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form
“Overseas Letter”	a letter from the Company to the Non-Qualifying Shareholder(s) (if any) explaining the circumstances in which the Non-Qualifying Shareholder(s) (if any) is/are not permitted to participate in the Rights Issue
“Overseas Shareholder(s)”	the Shareholder(s) (whose names appear on the register of members of the Company at the close of business on the Record Date) with registered address(es) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue

“Placee(s)”	professional, institutional or other investor(s), who and whose ultimate beneficial owner(s) shall not be a Shareholder and shall be Independent Third Party(ies) and not acting in concert with First Steamship and parties acting in concert with it (including Grand Citi) and/or the connected persons of the Company, procured by the Placing Agent and/or its sub-placing agent(s) to subscribe for any of the Unsubscribed Rights Shares pursuant to the Placing Agreement
“Placing”	the placing of a maximum of [524,298,882] Unsubscribed Rights Shares on a best effort basis by the Placing Agent and/or its sub-placing agents(s) to the Placees on the terms and conditions of the Placing Agreement
“Placing Agent”	[Morton Securities Limited], an organization licensed to carry out type 1 (dealing in securities) regulated activity under the SFO
“Placing Agreement”	the placing agreement dated [15] March 2023, entered into between the Company and the Placing Agent in relation to the Compensatory Arrangements
“Placing Completion Date”	the [third] Business Day following the satisfaction of the placing conditions set out in the Placing Agreement or such other date as the Company and the Placing Agent may agree
“PRC”	the People’s Republic of China which, for the purpose of this announcement, shall exclude Hong Kong, Macau Special Administrative Region and Taiwan
“Prospectus”	the prospectus to be issued to the Qualifying Shareholders (and the Non-Qualifying Shareholder(s) for information only) containing, among other things, details of the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL

“Prospectus Posting Date”	[Friday, 19 May] 2023 or such other date as may be agreed between the Company and the Underwriter, being the date on which the Prospectus Documents are posted to the Qualifying Shareholders
“Qualifying Shareholder(s)”	Shareholders, other than the Non-Qualifying Shareholders, whose names appear on the register of members of the Company at the close of business on the Record Date
“Record Date”	[Thursday, 18 May] 2023, or on such other date as may be agreed between the Company and the Underwriter, being the date by reference to which the Shareholders’ entitlements to the Rights Issue are to be determined
“Registrar”	Boardroom Share Registrars (HK) Limited, the Hong Kong branch share registrar and transfer office of the Company
“Rights Issue”	the proposed issue by way of rights of three (3) Rights Shares for every two (2) Shares in issue on the Record Date at the Subscription Price pursuant to the Prospectus Documents
“Rights Shares”	738,242,235 new Shares proposed to be allotted and issued under the Rights Issue (assuming no change in the number of Shares in issue on or before the Record Date)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder, and the Whitewash Waiver
“Shares”	ordinary share(s) with par value of HK\$0.10 each in the share capital of the Company

“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$[0.12] per Rights Share
“substantial shareholder(s)”	has the meaning as ascribed thereto under the Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Underwriting Agreement”	the underwriting agreement dated [15] March 2023 entered into between the Company and the Underwriter in relation to the Rights Issue
“Unsubscribed Rights Shares”	those Rights Shares that are not subscribed by the Qualifying Shareholders and the NQS Rights Shares that are not successfully sold by the Company as described in the sub-section headed “Non-Qualifying Shareholders” in this announcement
“Untaken Rights Shares”	all the Unsubscribed Rights Shares that are not placed by the Placing Agent or they have been placed but the placees have not paid therefor at 4:00 p.m. on the Placing Completion Date
“Whitewash Waiver”	a waiver to be granted by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code to waive the obligation of First Steamship to make a mandatory general offer to the Shareholders in respect of the Shares not already owned or agreed to be acquired by First Steamship and parties acting in concert with it (including Grand Citi) as a result of the taking up of the Rights Shares by First Steamship as the underwriter pursuant to the Underwriting Agreement

“Yu Ming”	Yu Ming Investment Management Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation under the SFO authorised to carry out regulated activities of type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management), being the financial advisor to the Company in respect of the Rights Issue
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, [●] March 2023

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

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

DATE: 27th March 2023

**SANDMARTIN INTERNATIONAL HOLDINGS LIMITED
(as Company)**

AND

**FIRST STEAMSHIP COMPANY LIMITED
(as Underwriter)**

SUPPLEMENTAL UNDERWRITING AGREEMENT

**relating to a rights issue of a total of 738,242,235 Rights Shares in
Sandmartin International Holdings Limited
at HK\$0.12 per Rights Share payable in full on application
in the proportion of three Rights Shares for every two existing Shares
held on the Record Date**

THIS AGREEMENT is dated 27th March 2023

BETWEEN:

- (1) **SANDMARTIN INTERNATIONAL HOLDINGS LIMITED (聖馬丁國際控股有限公司)**, a company incorporated in Bermuda with limited liability and having its registered office at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business in Hong Kong at Unit 516, 5/F., Peninsula Centre, 67 Mody Road Tsim Sha Tsui East, Kowloon Hong Kong (the “**Company**”); and
- (2) **FIRST STEAMSHIP COMPANY LIMITED (益航股份有限公司)**, a company incorporated in Bermuda with limited liability and having its registered office at 14th Floor, 237 Fuxing South Road, Section 2, Taipei, Taiwan (the “**Underwriter**”).

WHEREAS:

- (A) Pursuant to an underwriting agreement (the “**Underwriting Agreement**”) dated 15 March 2023 and entered into between the Company and the Underwriter in relation to the Rights Issue (as defined in the Underwriting Agreement), the Underwriter has agreed to underwrite 524,298,882 Underwritten Shares (as defined in the Underwriting Agreement) on the terms and conditions set out therein.
- (B) The Company and the Underwriter have agreed to vary certain terms of the Underwriting Agreement in the manner as set out in this supplemental agreement (**this “Supplemental Agreement”**).

NOW IT IS HEREBY AGREED as follows:

1. DEFINITIONS

- 1.1 In this Supplemental Agreement and unless the context otherwise requires, definitions and interpretations used in the Underwriting Agreement shall have the same meaning herein.
- 1.2 References to the singular number include the plural and vice versa and references to one gender include every gender. The clause headings in this Supplemental Agreement are for convenience only and have no legal effect.
- 1.3 References in this Supplemental Agreement to time and date are to Hong Kong time and date.

2. AMENDMENTS TO THE UNDERWRITING AGREEMENT

- 2.1 The definition of “Latest Lodging Time” as referred to in Clause 1.1 of the Underwriting Agreement shall be amended by deleting therefrom the date of “Thursday, 11 May 2023” and substituting thereof by the date of “Friday, 12 May 2023”.
- 2.2 The definition of “Latest Time for Acceptance” as referred to in Clause 1.1 of the

Underwriting Agreement shall be amended by deleting therefrom the date of “Monday, 5 June 2023” and substituting thereof by the date of “Tuesday, 6 June 2023”.

- 2.3 The definition of “Latest Time for Termination” as referred to in Clause 1.1 of the Underwriting Agreement shall be amended by deleting therefrom the date of “Tuesday, 13 June 2023” and substituting thereof by the date of “Wednesday, 14 June 2023”.
- 2.4 The definition of “Placing End Date” as referred to in Clause 1.1 of the Underwriting Agreement shall be amended by deleting therefrom the date of “Tuesday, 13 June 2023” and substituting thereof by the date of “Wednesday, 14 June 2023”.
- 2.5 The definition of “Prospectus Posting Date” as referred to in Clause 1.1 of the Underwriting Agreement shall be amended by deleting therefrom the date of “Friday, 19 May 2023” and substituting thereof by the date of “Monday, 22 May 2023”.
- 2.6 The definition of “Record Date” as referred to in Clause 1.1 of the Underwriting Agreement shall be amended by deleting therefrom the date of “Thursday, 18 May 2023” and substituting thereof by the date of “Friday, 19 May 2023”.
- 2.7 The definition of “Unsubscribed Arrangements” as referred to in Clause 1.1 of the Underwriting Agreement shall be deleted in its entirety and be replaced as follows:

“Unsubscribed Arrangements” the arrangements under this Agreement to place the Unsubscribed Shares by the Placing Agent on a best effort basis to investors who (or as the case may be, their ultimate beneficial owner(s)) are independent third parties and not acting in concert with the Underwriter and parties acting in concert with it and/or the connected persons of the Company pursuant to Rule 7.21(1)(b) of the Listing Rules

- 2.8 A new definition of “Special Deal” shall be inserted after the definition of “Shareholder(s)” but before the definition of “Specified Event” in Clause 1.1 of the Underwriting Agreement as follows:

“Special Deal” the use of the proceeds from the Rights Issue for repayment of the loan in the principal amount of approximately HK\$196.21 million with accrued interest of approximately HK\$14.73 million owing by the Company to AP Finance Limited up to 20 April 2023

- 2.9 Clause 2.1 of the Underwriting Agreement shall be deleted in its entirety and be replaced as follows:

“The Rights Issue is conditional upon:

- (1) the passing by the Independent Shareholders at the SGM of (i) ordinary resolutions to approve this Agreement, the Placing Agreement the Rights Issue, the Special Deal and the transactions contemplated thereunder; and (ii) a special resolution to approve the Whitewash Wavier (at least 75% of the Independent

Shareholders at the SGM by way of poll) in accordance with the Listing Rules and the Takeovers Code respectively;

- (2) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents duly signed by the Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the CWUMPO not later than the Prospectus Posting Date;
- (3) the posting of the Prospectus Documents to the Qualifying Shareholders by the Prospectus Posting Date and the posting of the Prospectus and a letter in the agreed form to the Non-Qualifying Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;
- (4) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Rights Shares by no later than the first day of their dealings;
- (5) compliance with the requirements under the applicable laws and regulations of Hong Kong and Bermuda;
- (6) the Executive granting the Whitewash Waiver to the Underwriter and the satisfaction of all conditions (if any) attached to the Whitewash Waiver granted;
- (7) the obligations of the Underwriter becoming unconditional and that this Agreement is not terminated in accordance with its terms;
- (8) the compliance with and performance of all the undertakings and obligations of the Underwriter under the Irrevocable Undertaking;
- (9) all necessary consents and approvals to be obtained on the part of each of the Underwriter and the Company in respect of this Agreement and the transactions contemplated hereunder having been obtained; and
- (10) the Executive granting consent under Rule 25 of the Takeovers Code in respect of Special Deal.”

2.10 A new Clause 6.8 shall be inserted after Clause 6.7 in the Underwriting Agreement as follows:

“6.8 In the event that the Underwriter being called upon to subscribe for the Underwritten Shares, the Underwriter shall use its best endeavours to ensure that the public float requirements under Rule 8.08(1)(a) of the Listing Rules be fulfilled by the Company upon completion of the Rights Issue. In addition to the Placing Agreement, the Underwriter undertakes to enter into another placing agreement with Yu Ming Investment Management Limited before the Prospectus Posting Date to assist the

Underwriter, where necessary, in placing down such number of Shares which may be taken up by the Underwriter to Independent Third Parties, such that the public float requirements under Rule 8.08(1)(a) of the Listing Rules be fulfilled by the Company upon completion of the Rights Issue.”

3. GENERAL

Subject only to the variations herein contained and such other alterations (if any) as may be necessary to make the Underwriting Agreement consistent with this Supplemental Agreement, the Underwriting Agreement shall remain in full force and effect and shall be read and construed and be enforceable as if the terms of this Supplemental Agreement were inserted therein by way of addition or substitution, as the case may be.

4. GOVERNING LAW AND JURISDICTION

- 4.1 This Supplemental Agreement shall be governed by and construed in accordance with the laws of Hong Kong.
- 4.2 The Parties hereby irrevocably submit to the non-exclusive jurisdiction of the courts of Hong Kong in connection with any dispute arising from this Supplemental Agreement.

5. COUNTERPARTS

This Supplemental Agreement may consist of a number of counterparts and the counterparts taken together constitute one and the same instrument.

IN WITNESS WHEREOF this Agreement has been entered into the day and year first above written.

THE COMPANY

SIGNED by CHEN WEI CHUN)
)
a director, for and on behalf of)
)
SANDMARTIN INTERNATIONAL)
HOLDINGS LIMITED)
)
in the presence of:)

陳偉鈞

THE UNDERWRITER

SIGNED by YAU DENNIS WAI TAK)
)
a director, for and on behalf of)
)
FIRST STEAMSHIP)
COMPANY LIMITED)
)
in the presence of: Lin Hui Chi)

IN WITNESS WHEREOF this Agreement has been entered into the day and year first above written.

THE COMPANY

SIGNED by CHEN WEI CHUN)
)
a director, for and on behalf of)
)
SANDMARTIN INTERNATIONAL)
HOLDINGS LIMITED)
)
in the presence of:)

THE UNDERWRITER

SIGNED by YAU DENNIS WAI TAK)
)
a director, for and on behalf of)
)
FIRST STEAMSHIP)
COMPANY LIMITED)
)
in the presence of: Lin Hui Chi)

Yau Dennis Wai Tak

Lin Hui Chi

DATE: 24 April 2023

**SANDMARTIN INTERNATIONAL HOLDINGS LIMITED
(as Company)**

AND

**FIRST STEAMSHIP COMPANY LIMITED
(as Underwriter)**

SECOND SUPPLEMENTAL UNDERWRITING AGREEMENT

**relating to a rights issue of a total of 738,242,235 Rights Shares in
Sandmartin International Holdings Limited
at HK\$0.12 per Rights Share payable in full on application
in the proportion of three Rights Shares for every two existing Shares
held on the Record Date**

THIS SECOND SUPPLEMENTAL AGREEMENT is dated 24 April 2023

BETWEEN:

- (1) **SANDMARTIN INTERNATIONAL HOLDINGS LIMITED (聖馬丁國際控股有限公司)**, a company incorporated in Bermuda with limited liability and having its registered office at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business in Hong Kong at Unit 516, 5/F., Peninsula Centre, 67 Mody Road Tsim Sha Tsui East, Kowloon Hong Kong (the “**Company**”); and
- (2) **FIRST STEAMSHIP COMPANY LIMITED (益航股份有限公司)**, a company incorporated in Bermuda with limited liability and having its registered office at 14th Floor, 237 Fuxing South Road, Section 2, Taipei, Taiwan (the “**Underwriter**”).

WHEREAS:

- (A) Pursuant to an underwriting agreement (the “**Underwriting Agreement**”) dated 15 March 2023 (as supplemented on 27 March 2023) and entered into between the Company and the Underwriter in relation to the Rights Issue (as defined in the Underwriting Agreement), the Underwriter has agreed to underwrite 524,298,882 Underwritten Shares (as defined in the Underwriting Agreement) on the terms and conditions set out therein.
- (B) The Company and the Underwriter have agreed to further vary certain terms of the Underwriting Agreement in the manner as set out in this supplemental agreement (this “**Second Supplemental Agreement**”).

NOW IT IS HEREBY AGREED as follows:

1. DEFINITIONS

- 1.1 In this Second Supplemental Agreement and unless the context otherwise requires, definitions and interpretations used in the Underwriting Agreement shall have the same meaning herein.
- 1.2 References to the singular number include the plural and vice versa and references to one gender include every gender. The clause headings in this Second Supplemental Agreement are for convenience only and have no legal effect.
- 1.3 References in this Second Supplemental Agreement to time and date are to Hong Kong time and date.

2. AMENDMENTS TO THE UNDERWRITING AGREEMENT

- 2.1 The definition of “Latest Lodging Time” as referred to in Clause 1.1 of the Underwriting Agreement shall be amended by deleting therefrom the date of “Friday, 12 May 2023” and substituting thereof by the date of “Thursday, 25 May 2023”.
- 2.2 The definition of “Latest Time for Acceptance” as referred to in Clause 1.1 of the

Underwriting Agreement shall be amended by deleting therefrom the date of “Tuesday, 6 June 2023” and substituting thereof by the date of “Monday, 19 June 2023”.

- 2.3 The definition of “Latest Time for Termination” as referred to in Clause 1.1 of the Underwriting Agreement shall be amended by deleting therefrom the date of “Wednesday, 14 June 2023” and substituting thereof by the date of “Wednesday, 28 June 2023”.
- 2.4 The definition of “Placing End Date” as referred to in Clause 1.1 of the Underwriting Agreement shall be amended by deleting therefrom the date of “Wednesday, 14 June 2023” and substituting thereof by the date of “Wednesday, 28 June 2023”.
- 2.5 The definition of “Prospectus Posting Date” as referred to in Clause 1.1 of the Underwriting Agreement shall be amended by deleting therefrom the date of “Monday, 22 May 2023” and substituting thereof by the date of “Monday, 5 June 2023”.
- 2.6 The definition of “Record Date” as referred to in Clause 1.1 of the Underwriting Agreement shall be amended by deleting therefrom the date of “Friday, 19 May 2023” and substituting thereof by the date of “Friday, 2 June 2023”.

3. GENERAL

Subject only to the variations herein contained and such other alterations (if any) as may be necessary to make the Underwriting Agreement consistent with this Second Supplemental Agreement, the Underwriting Agreement shall remain in full force and effect and shall be read and construed and be enforceable as if the terms of this Second Supplemental Agreement were inserted therein by way of addition or substitution, as the case may be.

4. GOVERNING LAW AND JURISDICTION

- 4.1 This Second Supplemental Agreement shall be governed by and construed in accordance with the laws of Hong Kong.
- 4.2 The Parties hereby irrevocably submit to the non-exclusive jurisdiction of the courts of Hong Kong in connection with any dispute arising from this Second Supplemental Agreement.

5. COUNTERPARTS

This Second Supplemental Agreement may consist of a number of counterparts and the counterparts taken together constitute one and the same instrument.

IN WITNESS WHEREOF this Second Supplemental Agreement has been entered into the day and year first above written.

THE COMPANY

SIGNED by CHEN WEI CHUN)

a director, for and on behalf of)

SANDMARTIN INTERNATIONAL)
HOLDINGS LIMITED)

in the presence of:)

陳偉鈞

THE UNDERWRITER

SIGNED by YAU DENNIS WAI TAK)

a director, for and on behalf of)

FIRST STEAMSHIP)
COMPANY LIMITED)

in the presence of: Lin Hui Chi)

IN WITNESS WHEREOF this Second Supplemental Agreement has been entered into the day and year first above written.

THE COMPANY

SIGNED by CHEN WEI CHUN)
)
a director, for and on behalf of)
)
SANDMARTIN INTERNATIONAL)
HOLDINGS LIMITED)
)
in the presence of:)

THE UNDERWRITER

SIGNED by YAU DENNIS WAI TAK)
)
a director, for and on behalf of)
)
FIRST STEAMSHIP)
COMPANY LIMITED)
)
in the presence of: Lin Hui Chi)

D. Yau

Lin Hui Chi