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## **Standard Development Group Limited**

**標準發展集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1867)**

### **PLACING OF HK\$37,000,000 4.5% CONVERTIBLE BONDS DUE 2027 UNDER GENERAL MANDATE**

#### **PLACING OF CONVERTIBLE BONDS UNDER GENERAL MANDATE**

On 26 February 2025 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company proposed to offer for subscription, and the Placing Agent agreed to procure subscriptions for, the Convertible Bonds in the principal amount of up to HK\$37,000,000 on a best effort basis to not less than six (6) Placees, who and whose ultimate beneficial owners are Independent Third Parties.

Assuming full exercise of the Conversion Rights attaching to the Convertible Bonds at the initial Conversion Price of HK\$0.25 per Conversion Share, a maximum of 148,000,000 new Shares will be allotted and issued by the Company, representing (i) approximately 9.91% of the total number of issued Shares as at the date of this announcement; and (ii) approximately 9.01% of the total number of issued Shares as enlarged by the issue of 148,000,000 Conversion Shares (assuming there is no other change in the issued share capital of the Company between the date of this announcement and the full conversion of the Convertible Bonds).

Assuming all the Convertible Bonds are successfully placed by the Placing Agent, the net proceeds from the Placing will be approximately HK\$36.6 million, which will be used by the Company in the following manner: (i) approximately HK\$16.6 million for the development of the Group's ordinary business (including but not limited to the existing petroleum business and bio-energy business etc.); and (ii) approximately HK\$20.0 million for general working capital, including without limitation payment of legal and compliance expenses, rental expenses, salaries and remuneration, administrative costs and other sundry expenses.

The Conversion Shares will be allotted and issued under the General Mandate. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

**Shareholders and potential investors of the Company should note that the Placing is subject to the fulfilment of the conditions precedent under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.**

## **PLACING OF CONVERTIBLE BONDS UNDER GENERAL MANDATE**

On 26 February 2025 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company proposed to offer for subscription, and the Placing Agent agreed to procure subscriptions for, the Convertible Bonds in the principal amount of up to HK\$37,000,000 on a best effort basis to not less than six (6) Placees, who and whose ultimate beneficial owners are Independent Third Parties.

## **THE PLACING AGREEMENT**

### **Date**

26 February 2025 (after trading hours)

### **Parties**

- (1) The Company, as issuer; and
- (2) VC Brokerage Limited, as the Placing Agent

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

## **Placing commission**

The Placing Agent will charge the Company a placing commission equivalent to 1% of the aggregate principal amount of the Convertible Bonds successfully placed by the Placing Agent plus all other legal, other professional fees and out-of-pocket expenses reasonably incurred by the Placing Agent in relation to the Placing.

The Placing commission was determined after arm's length negotiation between the Company and the Placing Agent with reference to, amongst other things, the prevailing market rate.

## **Placees**

The Placing Agent agreed to procure not less than six (6) Placees to subscribe for the Convertible Bonds on terms and conditions set out in the Placing Agreement on a best effort basis during the period commencing from the execution of the Placing Agreement and ending at 5:00 p.m. on the fifth (5th) Business Day preceding the Completion Date (or on such later date as the parties may agree in writing, provided that such date shall be no later than the Completion Date). The Placing Agent undertakes to use its best endeavours to procure confirmations from the Placees (being professional, institutional and/or individual investors) confirming that (i) they and their ultimate beneficial owners are Independent Third Parties and that none of the Placees will become a substantial shareholder of the Company as a result of the Placing; and (ii) none of the Placees is acting in concert with any other person in relation to the Company, and is not directly or indirectly funded by any person who is acting in concert in relation to the Company.

## **Conditions precedent**

Completion of the Placing is conditional upon:

- (i) the Listing Committee of the Stock Exchange having granted a listing of and permission to deal in the Conversion Shares which may fall to be issued upon conversion of the Convertible Bonds (either unconditionally or subject to conditions which are acceptable to the Company and the Placing Agent); and
- (ii) the obtaining of all other necessary approvals, consents or authorisation of any kind of, from or by third parties and/or government or regulatory authorities (if any), including but not limited to the Stock Exchange and the Securities and Futures Commission, required under or in connection with the Placing.

The Company shall use its best endeavours to procure the fulfilment of the above conditions precedent.

In the event of the above conditions precedent not having been fulfilled by the Long Stop Date, the Placing Agreement shall thereupon lapse and become null and void and all rights, obligations and liabilities of the parties in relation to the Placing shall cease and determine and neither the parties shall have any claim against each other in respect of the Placing, save for any antecedent breaches of the Placing Agreement.

## **Completion**

Subject to the fulfilment of the conditions precedent to the Placing Agreement and the performance by the Placing Agent of its obligations thereunder, Completion shall take place at or before 4:00 p.m. on the Completion Date (or at such other time or date as the parties may agree in writing).

## **Termination**

If any of the following events shall occur at any time on or prior to 12:00 noon on the Completion Date, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is received prior to 12:00 noon on the Completion Date:

- (i) there shall have been, since the date of the Placing Agreement, such a change in local, national or international financial, political or economic conditions or taxation or exchange controls as would, in the opinion of the Placing Agent, be likely to prejudice materially the consummation of the Placing; or
- (ii) any breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Completion Date which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provisions of the Placing Agreement; or
- (iii) 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 Placing Agent is likely to materially and adversely affect the success of the Placing or otherwise make it inexpedient or inadvisable to proceed with the Placing; or
- (iv) any moratorium, suspension or restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances; or
- (v) any statement contained in this announcement was, when this announcement was issued, or has become, untrue or incorrect or misleading in any material respect.

In the event the Placing Agent terminates the Placing Agreement pursuant to the provisions set out above, all obligations of each of the parties under the Placing Agreement shall cease and determine and no party shall have any claim against the other party in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach.

## PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

Set out below are the principal terms of the Convertible Bonds:

Issuer:	The Company
Principal amount:	Up to HK\$37,000,000
Status and denomination:	The Convertible Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and shall at all times rank pari passu and without any preference among themselves.

The Convertible Bonds are issued in registered form in the denomination of HK\$1.0 million each (or, if the aggregate principal amount held is not an integral multiple of HK\$1.0 million, then in integral multiples of HK\$1.0 million plus the balance amount).

Maturity date:	The date falling two (2) years after the date of issue of the Convertible Bonds (which, in respect of each Convertible Bond, may be extended for one (1) year at the agreement of each Bondholder and the Company; and upon such agreement the Maturity Date shall be the date falling three (3) years after the date of issue of the Convertible Bonds), provided that if such day is not a Business Day, the first Business Day thereafter (the “ <b>Maturity Date</b> ”)
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Interest:	4.5% per annum
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Conversion Price:	HK\$0.25 per Conversion Share, subject to adjustment.
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The initial Conversion Price of HK\$0.25 per Conversion Share represents:

- (i) a premium of approximately 61.29% to the closing price of HK\$0.155 per Share as quoted on the Stock Exchange on the date of the Placing Agreement;
- (ii) a premium of approximately 59.03% to the average closing price of HK\$0.1572 per Share as quoted on the Stock Exchange for the five (5) trading days immediately preceding the date of the Placing Agreement; and

- (iii) a premium of approximately 56.74% to the average closing price of HK\$0.1595 per Share as quoted on the Stock Exchange for the ten (10) trading days immediately preceding the date of the Placing Agreement.

The net Conversion Price, after deduction of relevant expenses, is approximately HK\$0.25 per Conversion Share.

The initial Conversion Price was arrived at after arm's length negotiations between the Company and the Placing Agent with reference to, among others, the prevailing market performance of the Shares and current market condition.

Adjustments to the  
Conversion Price:

The Conversion Price will be subject to adjustments upon the occurrence of the following events:

(i) **Consolidation, sub-division or re-classification**

If and whenever there shall be an alteration to the nominal value of the Shares as a result of consolidation, sub-division or re-classification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such alteration by the following fraction:

$$A/B$$

where:

A is the nominal amount of one Share immediately after such alteration; and

B is the nominal amount of one Share immediately before such alteration.

Such adjustment shall become effective on the date the alteration takes effect. Any such adjustment shall be subject to any subsequent adjustment pursuant to the terms and conditions of the Convertible Bonds.

(ii) **Bonus Issue**

If and whenever the Company shall make any bonus issue, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue by the following fraction:

$$A/B$$

where:

A is the aggregate nominal amount of the issued Shares immediately before such issue; and

B is the aggregate nominal amount of the issued Shares immediately after such issue.

Such adjustment shall become effective from the earlier of the commencement of the day immediately following the record date for such issue (if any) and the date of issue of such Shares. In the event the Shares are not subsequently issued pursuant to such bonus issue, an appropriate re-adjustment to the Conversion Price will be made to put the parties in a position as if the relevant event had not occurred. Any such adjustment shall be subject to any subsequent adjustment pursuant to the terms and conditions of the Convertible Bonds.

No adjustment will be made to the Conversion Price where (i) Shares are allotted or issued pursuant to any exercise of the Conversion Right or (ii) options or Shares are granted by the Company under the share option scheme(s) or share award scheme(s) adopted by the Company and/or Shares are allotted and issued pursuant to any exercise of such options or awards.

Conversion Shares:

Assuming full exercise of the Conversion Rights attaching to the Convertible Bonds at the initial Conversion Price of HK\$0.25 per Conversion Share, a maximum of 148,000,000 new Shares will be allotted and issued by the Company, representing:

- (i) approximately 9.91% of the total number of issued Shares as at the date of this announcement; and

- (ii) approximately 9.01% of the total number of issued Shares as enlarged by the issue of 148,000,000 Conversion Shares (assuming there is no other change in the issued share capital of the Company between the date of this announcement and the full conversion of the Convertible Bonds).

Based on a par value of HK\$0.01 per Share, the 148,000,000 Conversion Shares have a total nominal value of HK\$1,480,000. There are no treasury shares held by the Company as at the date of this announcement and the Company has no intention to transfer treasury shares upon exercise of the Conversion Rights.

**Conversion Period:** The period commencing from the date of first issue of the Convertible Bonds up to 4:00 p.m. on the fifth (5th) Business Day immediately before the Maturity Date (the “**Conversion Period**”)

**Conversion Rights:** Each Bondholder(s) shall have the right, exercisable during the Conversion Period in the manner provided in the terms and conditions of the Convertible Bonds, to convert the whole or any part (subject to the terms and conditions of the Convertible Bonds, in minimum amount of or in multiples of HK\$1.0 million) of the outstanding principal amount of the Convertible Bonds held by such Bondholder into Shares subject to adjustments.

The Conversion Right attaching to any Convertible Bond may only be exercisable up to the extent that it (i) does not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the Bondholder; and (ii) would not result in the Company’s non-compliance with the minimum public shareholding requirement stipulated under Rule 8.08(1)(a) of the Listing Rules or otherwise pursuant to other provisions of the Listing Rules or the Takeovers Code.

**Events of Default:** Any Bondholder may give notice to the Company that the Convertible Bonds are immediately due and repayable if:

- (a) the Company fails to pay such Bondholder the principal when due or the Company fails to pay such Bondholder interest on the Convertible Bonds when due and the payment of such principal and/or interest is not made within 90 days of the due date thereof;



- (b) a resolution is passed or an order of a court of competent jurisdiction is made that the Company be wound up or dissolved or the Company disposes of all or substantially all of its assets, otherwise, in any such case, than for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or reorganisation, the terms of which shall have previously been approved in writing by a special resolution of Bondholder(s);
- (c) an encumbrancer takes possession or a receiver, manager, administrator or other similar officer is appointed of the whole or a material part of the property, assets or undertaking of the Company;
- (d) a distress, execution or seizure before judgment is levied or enforced upon or sued out against a material part of the property of the Company and is not discharged within 90 days thereof;
- (e) in the event of winding-up, liquidation, insolvency or receivership of the Company with operating business of the Company or any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs; or
- (f) the Shares (as a class) cease to be listed on the Stock Exchange or a recognised stock exchange, for the avoidance of doubt excluding temporary suspension of trading or trading halt.

(each an “**Event of Default**”)

Redemption at Maturity:

Unless previously redeemed or converted or purchased and cancelled as provided in the terms and conditions of the Convertible Bonds, the Company will redeem each Convertible Bond on the Maturity Date at an amount which is equal to 100% of the principal amount of the outstanding Convertible Bonds together with interest accrued but unpaid.

Redemption upon occurrence of Event(s) of Default:

Following the occurrence of an Event of Default, the Bondholder(s) will have the right at any time to require the Company to redeem the whole but not part of the outstanding Convertible Bonds at an amount which is 100% of the principal amount of the outstanding Convertible Bonds together with interest accrued but unpaid.

Transferability:

The Convertible Bonds are not transferable.

Ranking: The Conversion Shares shall rank *pari passu* in all respects with all other Shares in issue on the date of issue and allotment of the Conversion Shares and shall carry the same rights and privileges in all respects as any other class of ordinary share capital of the Company, including but not limited to the right to receive all dividends and distributions which may be declared, made or paid after such date.

Application for listing: No application shall be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.

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

## **REASONS FOR AND BENEFITS OF THE PLACING**

The Board considers it beneficial to strengthen the capital base of the Group through the Placing in preparation for long-term development and further strengthening of financial position of the Group. The issue of the Convertible Bonds will not have an immediate dilution effect on the shareholding of the existing Shareholders and the Conversion Price is at a premium over the closing price on the date of the Placing Agreement and over the average closing price of the Shares for the last five (5) trading days and the last ten (10) trading days immediately before the date of the Placing Agreement.

The Directors also consider that the issue of Convertible Bonds will provide an opportunity for the Company, if the Conversion Rights attached to the Convertible Bonds are exercised, to enlarge and strengthen its capital base and also broaden its Shareholders base by the introduction of new investor(s).

The Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement (including the terms of the Convertible Bonds and the Conversion Price) are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **USE OF PROCEEDS**

Assuming all the Convertible Bonds are successfully placed by the Placing Agent, the gross proceeds from the Placing will be HK\$37,000,000 and net proceeds from the Placing (after deducting the commission for the Placing and other related expenses) is estimated to be approximately HK\$36.6 million.

The Company intends to use the net proceeds in the following manner:

- (i) approximately HK\$16.6 million for the development of the Group's ordinary business (including but not limited to the existing petroleum business and bio-energy business, etc.); and
- (ii) approximately HK\$20.0 million for general working capital, including without limitation payment of legal and compliance expenses, rental expenses, salaries and remuneration, administrative costs and other sundry expenses.

## **GENERAL MANDATE**

The Conversion Shares will be issued under the General Mandate, which authorises the Board to allot, issue and deal with Shares not exceeding 20% of the issued Shares (namely, 298,800,000 Shares) as at the date on which the General Mandate was granted at the annual general meeting of the Company held on 9 September 2024. As at the date of this announcement, the General Mandate has not yet been utilised and the balance of the General Mandate remains to be 298,800,000 Shares.

Assuming the conversion of the Convertible Bonds in full based on the initial Conversion Price, the Convertible Bonds will be convertible into 148,000,000 new Shares. The General Mandate is sufficient for the allotment and issue of the Conversion Shares. Accordingly, the issue of the Convertible Bonds and the Conversion Shares thereunder are not subject to the approval of the Shareholders.

## **EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Company has not conducted any equity fund raising activities in the 12 months prior to the date of this announcement.

## SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 1,494,000,000 Shares in issue. The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after full exercise of the Conversion Rights attaching to the Convertible Bonds (assuming there is no other change in the issued share capital of the Company between the date of this announcement and the full conversion of the Convertible Bonds) are as follows:

	As at the date of this announcement		Immediately after full exercise of the Conversion Rights attaching to the Convertible Bonds (assuming there is no other change in the issued share capital of the Company between the date of this announcement and the full conversion of the Convertible Bonds)	
	No. of Shares	Approximate %	No. of Shares	Approximate %
<b>Director</b>				
Mr. Xu Jing (Note 1)	10,000	0.00%	10,000	0.00%
<b>Substantial Shareholder</b>				
Fujincheng Investment Holdings Co., Ltd. (Note 2)	1,118,460,000	74.86%	1,118,460,000	68.12%
<b>Public Shareholders</b>				
The Places	–	–	148,000,000	9.01%
Other public Shareholders	375,530,000	25.14%	375,530,000	22.87%
<b>Total</b>	<b>1,494,000,000</b>	<b>100%</b>	<b>1,642,000,000</b>	<b>100%</b>

### Notes:

- (1) Less than 0.01%
- (2) Mr. Liu Zhancheng beneficially owns the entire issued share capital of Fujincheng Investment Holdings Co., Ltd. (“**Fujincheng**”) and hence is deemed, or taken to be, interested in all the 1,118,460,000 Shares held by Fujincheng by virtue of Part XV of the Securities and Futures Ordinance (Cap 571).

**Shareholders and potential investors of the Company should note that the Placing is subject to the fulfilment of the conditions precedent under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

Unless the context requires otherwise, the following words and phrases used in this announcement have the following meanings:

“acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“Board”	the board of Directors
“Bondholder(s)”	the person(s) who for the time being is the holder(s) of the Convertible Bond(s)
“Business Day(s)”	a day on which banks in Hong Kong are open for business, other than (i) a Saturday or a Sunday; or (ii) a day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal or “extreme conditions” caused by super typhoons is hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon on which banks generally are open for business in Hong Kong
“Company”	Standard Development Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1867)
“Completion”	the completion of the Placing in accordance with the Placing Agreement
“Completion Date”	the fifth (5th) Business Day after the day on which notification in writing has been given by the Company to the Placing Agent that conditions precedent of the Placing Agreement have been fulfilled and Completion shall take place (or such other date as the Company and the Placing Agent shall agree in writing)
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Conversion Price”	the price at which the Conversion Shares will be issued upon conversion of the Convertible Bond(s), initially being HK\$0.25 per Conversion Share (subject to adjustments)
“Conversion Rights”	the rights of Bondholder(s) to convert any Convertible Bond into Shares pursuant to the terms and conditions of the Convertible Bonds
“Conversion Share(s)”	Share(s) fall to be allotted and issued upon the exercise of the Conversion Rights attaching to the Convertible Bonds

“Convertible Bonds”	the up to HK\$37,000,000 4.5% convertible bonds due 2027 to be issued by the Company and placed by the Placing Agent in accordance with the terms and conditions of the Placing Agreement
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors at the annual general meeting of the Company held on 9 September 2024 to exercise the powers of the Company to allot, issue and otherwise deal with additional Shares up to 20% of the total number of issued Shares as at the date of passing of the resolution in relation to such general mandate (being 298,800,000 new Shares)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	party(ies) which is/are independent of and not connected with the Company and its connected persons and parties acting in concert with any other person in relation to the Company, and is not directly or indirectly funded by any person who is acting in concert in relation to the Company
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	4:00 p.m. (Hong Kong time) on the 20th Business Day after the date of the Placing Agreement, or such other time and date as the parties thereto may agree in writing
“Placee(s)”	independent individual, professional or institutional investor(s) whom the Placing Agent and/or any of its sub-placing agent(s) has procured to subscribe for any of the Convertible Bonds under the Placing
“Placing”	the placing of the Convertible Bonds by the Placing Agent, on a best effort basis, to not less than six (6) Placees procured by it and subject to the terms and conditions set out in the Placing Agreement

“Placing Agent”	VC Brokerage Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the agreement entered into between the Company and the Placing Agent dated 26 February 2025 in respect of the Placing
“Share(s)”	the ordinary share(s) of the Company of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	any of the persons who are deemed to be subsidiaries of the Company in accordance with the Companies Ordinance (Chapter 622 of the laws of Hong Kong) from time to time
“substantial shareholder(s)”	has the meaning ascribed thereto in the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers
“%”	per cent.

By Order of the Board  
**Standard Development Group Limited**  
**Liu Zhancheng**  
*Chairman and Executive Director*

Hong Kong, 26 February 2025

*As at the date of this announcement, the Board comprises Mr. Liu Zhancheng, Mr. Zhang Min and Mr. Xu Jing as executive Directors; and Dr. Su Lixin, Mr. Liang Rongjin and Dr. Yan Bing as independent non-executive Directors.*