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On Real International Holdings Limited

安悅國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8245)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

SUBSCRIPTION OF NEW SHARES

On 22 August 2019 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has agreed to allot and issue and the Subscriber has agreed to subscribe for 150,000,000 Subscription Shares at the Subscription Price on the terms and subject to the conditions set out in the Subscription Agreement.

The Subscription Price was determined after arm's length negotiation between the Company and the Subscriber with reference to the market price of the Shares, the recent trading volume of the Shares and the prospects of the Group. The total subscription price of approximately HK\$3,300,000 is calculated based on the Subscription Price of HK\$0.022 per Subscription Share, which represents: (i) a discount of approximately 18.52% to the closing price of HK\$0.027 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and (ii) a discount of approximately 14.73% to the average closing price of approximately HK\$0.0258 per Share as quoted on the Stock Exchange for the five trading days of the Shares immediately prior to the date of the Subscription Agreement.

The 150,000,000 Subscription Shares represent (i) approximately 3.91% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 3.76% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares immediately after the Completion, assuming that there will be no change in the issued share capital of the Company (other than the issue of the Subscription Shares) between the date of this announcement and the Completion.

The gross proceeds of the Subscription will amount to HK\$3,300,000 and the net proceeds receivable by the Company under the Subscription are estimated to be approximately HK\$3,280,000 after deducting the relevant expenses incurred in relation to the Subscription. The Company intends to use the net proceeds as general working capital of the Group.

The Subscription Shares are to be issued under the General Mandate granted to the Directors pursuant to an ordinary resolution of the Shareholders passed on 25 July 2018 whereby the Directors have been duly authorised to allot and issue new Shares not exceeding 20% of the total issued share capital of the Company as at 25 July 2018. As such, the allotment and issue of the Subscription Shares are not subject to additional Shareholders' approval.

Completion of the Subscription is subject to the fulfillment of the Conditions. As the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

INTRODUCTION

On 22 August 2019 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has agreed to allot and issue and the Subscriber has agreed to subscribe for 150,000,000 Subscription Shares at the Subscription Price on the terms and subject to the conditions set out in the Subscription Agreement.

THE SUBSCRIPTION AGREEMENT

Date: 22 August 2019

Parties: (i) the Company; and
(ii) 馬梓欣女士, as the Subscriber.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Subscriber is Independent Third Party prior to the entering into of the Subscription Agreement and the Subscriber and its associates do not hold any Shares as at the date of this announcement.

Subscription Shares

Subject to the fulfilment of the conditions and the terms set out in the Subscription Agreement, the Company has agreed to allot and issue and the Subscriber has agreed to subscribe for 150,000,000 Subscription Shares at the Subscription Price. The 150,000,000 Subscription Shares represent (i) approximately 3.91% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 3.76% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares immediately after the Completion, assuming that there will be no change in the issued share capital of the Company (other than the issue of the Subscription Shares) between the date of this announcement and the Completion. The aggregate nominal value of the Subscription Share is HK\$187,500.

Ranking of the Subscription Shares

The Subscription Shares, when issued and fully paid up, shall rank pari passu among themselves and with all of the Shares in issue as at the Completion Date.

Subscription Price

The total subscription price of approximately HK\$3,300,000 is calculated based on the Subscription Price of HK\$0.022 per Subscription Share, which represents: (i) a discount of approximately 18.52% to the closing price of HK\$0.027 per Share as quoted on the Stock Exchange on the Last Trading Date; and (ii) a discount of approximately 14.73% to the average closing price of approximately HK\$0.0258 per Share as quoted on the Stock Exchange for the five trading days of the Shares immediately prior to the date of the Subscription Agreement.

The Subscription Price was determined with reference to the prevailing market price, the recent trading volume of the Shares and the prospects of the Group and was negotiated on an arm's length basis between the Company and the Subscriber. The Board (including the independent non-executive Directors) considers that the Subscription Price and the terms of the Subscription Agreement are fair and reasonable and that the Subscription is in the interests of the Company and the Shareholders as a whole.

Based on the estimated expenses for the Subscription, the net Subscription Price is approximately HK\$0.0219 per Subscription Shares.

The gross and net proceeds arising from the Subscription will be approximately HK\$3,300,000 and HK\$3,280,000, respectively.

General Mandate to issue the Subscription Shares

The Directors were authorized to allot and issue up to 768,000,000 Shares under the General Mandate. The Subscription Shares will be allotted and issued under the General Mandate. As at the date of this announcement, no Shares have been allotted and issued under the General Mandate. As such, the maximum number of new Shares that could be allotted and issued under the General Mandate is 768,000,000 Shares. The Subscription Shares (comprising 150,000,000 new Shares) to be allotted and issued will partial utilise the General Mandate. As such, the allotment and issue of the Subscription Shares are not subject to additional Shareholders' approval.

Condition of the Subscription

The Subscription is conditional upon the granting by the Listing Committee of the listing of, and permission to deal in, all of the Subscription Shares (and such listing and permission not subsequently revoked prior to the delivery of definitive certificate(s) of title representing the Subscription Shares).

In the event that the Conditions are not fulfilled by 12 September 2019 (or such later date as may be agreed by the Subscriber and the Company), all rights, obligations and liabilities of the parties to the Subscription Agreement in relation to the Subscription shall cease and determine and none of the parties thereto shall have any claim against any other party in respect of the Subscription save for any antecedent breaches.

Completion of the Subscription

Completion of the Subscription will take place on the 3rd Business Day (or any other day as may be agreed by the Company and the Subscriber) after the fulfillment of the Conditions.

Application for listing

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

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Group is principally engaged in the designing, trading and manufacturing of two-way radios, baby monitors, other communication devices and servicing business of the above products.

The Directors consider that the Subscription will strengthen the Group's financial position, and enlarge the Shareholders' base of the Company which may in turn enhance the liquidity of the Shares, and provide working capital to the Group to meet its financial obligations.

The gross proceeds of the Subscription will amount to HK\$3,300,000 and the net proceeds receivable by the Company under the Subscription are estimated to be approximately HK\$3,280,000 after deducting the relevant expenses incurred in relation to the Subscription.

The Company intends to use the net proceeds as general working capital of the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the Subscription Agreement are normal commercial terms, which were arrived at after arm's length negotiations between the Company and the Subscriber, and that the issue of the Subscription Shares pursuant to the terms of the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

CHANGES OF SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Subscription:

Shareholders	(i) As at the date of this announcement		(ii) Immediately after completion of the Subscription	
	<i>Number of Shares</i>	<i>approx. % of shareholding</i>	<i>Number of Shares</i>	<i>approx. % of shareholding</i>
Solution Smart Holdings Limited <i>(Note 1)</i>	1,125,896,000	29.32%	1,125,896,000	28.22%
SMK Investment Company Limited <i>(Note 2)</i>	909,976,000	23.70%	909,976,000	22.81%
Cocoon Holdings Limited	334,810,000	8.72%	334,810,000	8.39%
Subscriber	—	—	150,000,000	3.76%
Other public Shareholders	1,469,318,000	38.26%	1,469,318,000	36.82%
Total	<u>3,840,000,000</u>	<u>100.00%</u>	<u>3,990,000,000</u>	<u>100.00%</u>

Notes:

1. Mr. Chung Wai Sum is the sole beneficial shareholder of Solution Smart Holdings Limited (“Solution Smart”). Therefore, Mr. Chung Wai Sum is deemed to be interested in 1,125,896,000 shares of the Company held by Solution Smart under the SFO.
2. Mr. Kor Sing Mung Michael is the sole beneficial shareholder of SMK Investment Company Limited (“SMK”). Therefore, Mr. Kor Sing Mung Michael is deemed to be interested in 909,976,000 shares of the Company held by SMK under the SFO.

EQUITY FUND RAISING ACTIVITY IN PAST TWELVE MONTHS BEFORE THE DATE OF THIS ANNOUNCEMENT

The Company has not carried out any other equity fund raising activities in the past twelve-month period immediately preceding the date of this announcement.

As Completion is subject to the satisfaction of conditions precedent under the Subscription Agreement and the Subscription may or may not proceed to Completion, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“associate(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (excluding a Saturday, Sunday or public holiday) on which banks generally are open for business in Hong Kong and on which the Stock Exchange is open for the business of dealing in securities
“Company”	On Real International Holdings Limited (stock code: 8245), a company incorporated in the Cayman Islands with limited liability and the issued Shares are listed on GEM
“Completion”	the Completion of the Subscription
“Completion Date”	the date of Completion of the Subscription which will take place on the 3rd Business Day (or any other day as may be agreed by the Company and the Subscriber) after the fulfillment of the conditions of the Subscription

“Conditions”	condition precedents to the Completion pursuant to the terms of the Subscription Agreements
“connected person(s)”	has the meaning as ascribed thereto in the GEM Listing Rules
“Director(s)”	director(s) of the Company
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate granted by the Shareholders to the Directors at the annual general meeting of the Company held on 25 July 2018 to allot, issue and deal with 768,000,000 Shares, being 20% of the total number of Shares in issue as at the date of the said annual general meeting
“Group”	the Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of the Company and its subsidiaries and not connected with any of the connected persons of the Company or any of their respective associates
“Listing Committee”	the listing committee appointed by the Stock Exchange for considering applications for listing and the granting of listing of securities on the Stock Exchange
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.00125 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	馬梓欣女士

“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 22 August 2019 entered between the Company and the Subscriber in respect of the Subscription
“Subscription Price”	the subscription price of HK\$0.022 per Subscription Share
“Subscription Shares”	150,000,000 new Shares to be allotted and issued by the Company to the Subscriber pursuant to the Subscription Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
On Real International Holdings Limited
Kwok Ming Fai
Executive Director

Hong Kong, 22 August 2019

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Tam Wing Ki, Mr. Kwok Ming Fai and Mr. Fu Yan Ming; one non-executive Director, namely Mr. Chan Chung Yin Victor; and three independent non-executive Directors, namely Mr. Wong Ching Wan, Mr. Fung Chan Man Alex and Mr. Chan Shiu Man.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and be posted on the website of the Company at www.on-real.com.