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On Real International Holdings Limited

安悦國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8245)

DISCLOSEABLE TRANSACTION IN RELATION TO SUBSCRIPTION OF PREFERRED STOCKS IN THE TARGET

THE PREFERRED STOCK PURCHASE AGREEMENT

References are made to the announcements of the Company dated 27 September 2018, 8 October 2018, 7 December 2018 and 14 December 2018 in relation to, *inter alia*, the possible subscription of securities in the Target. The Board is pleased to announce that on 16 December 2018, the Company entered into the Preferred Stock Purchase Agreement with the Target, pursuant to which the Company agrees to purchase at the Initial Closing, and the Target agrees to sell and issue to the Company at the Initial Closing, the Purchased Preferred Stocks at the Subscription price of US\$0.136811 per Series F Preferred Stock. As at the date of this announcement, the Purchased Preferred Stocks represent approximately 11.89% of the enlarged issued share capital of the Target upon full conversion of all issued Preferred Stocks but before the exercise of options under the ESOP and the Target Warrants in issue.

In addition to the Purchased Preferred Stocks, at the Initial Closing, the Target will issue to the Company without additional consideration, the Warrants, to purchase the number of 5,138,574 fully paid and nonassessable shares of Series F Preferred Stocks at the Fair Value. The Company will comply with the requirements under the GEM Listing Rules when the Company decides to exercise the Warrants, as and when appropriate.

Moreover, subject to the terms and conditions of the Preferred Stock Purchase Agreement, provided that the Initial Closing occurs, the Company shall have the right, at its absolute discretion, to elect to purchase at the Second Closing, on the same terms and conditions as set out in the Preferred Stock Purchase Agreement, the Additional Preferred Stock. The Company will comply with the requirements under the GEM Listing Rules when the Company elects to purchase at the Second Closing, as and when appropriate.

The Initial Closing is subject to the fulfilment of, among other things, (i) the Company having successfully completed such fund raising exercise and has obtained therefrom necessary financing for the payment of the purchase price of the relevant Series F Preferred Stock that it is purchasing; (ii) the approval from its shareholders and the Stock Exchange (where applicable) for the Preferred Stock Purchase Agreement and the transactions contemplated thereunder; (iii) all authorizations, approvals or permits, if any, of any governmental authority of the United States or of any state that are required in connection with the lawful issuance and sale of the Series F Preferred Stock pursuant to the Preferred Stock Purchase Agreement shall have been obtained and effective as of the applicable Closing; and (iv) the Company having obtained a report from an independent qualified valuer indicating that the valuation of the Target is not be less than US\$60 million on or before the Long Stop Date.

GEM LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined in the GEM Listing Rules) for the Subscription exceeds 5% but less than 25%, the Subscription constitutes a discloseable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting and announcement requirements.

Since the Initial Closing is subject to the fulfilment of the conditions precedent as set out in the Preferred Stock Purchase Agreement, and the Second Closing may or may not be proceeded which is subject to the election of the Company at its absolute discretion, the transaction contemplated under the Preferred Stock Purchase Agreement 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.

THE SUBSCRIPTION

THE PREFERRED STOCK PURCHASE AGREEMENT

Date: 16 December 2018

Parties: (i) the Company as subscriber; and
(ii) the Target as issuer.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Target, its ultimate beneficial owner(s) and their respective associate(s) is an Independent Third Party as at the date of this announcement.

Subscription of the Purchased Preferred Stocks at Initial Closing

References are made to the announcements of the Company dated 27 September 2018, 8 October 2018, 7 December 2018 and 14 December 2018 in relation to, *inter alia*, the possible subscription of securities in the Target. The Board is pleased to announce that on 16 December 2018, the Company entered into the Preferred Stock Purchase Agreement with the Target, pursuant to which the Company agrees to purchase at the Initial Closing, and the Target agrees to sell and issue to the Company at the Initial Closing, the Purchased Preferred Stocks at the Subscription price of US\$0.136811 per Series F Preferred Stock. As at the date of this announcement, the Purchased Preferred Stocks represent approximately 11.89% of the enlarged issued share capital of the Target upon full conversion of all issued Preferred Stocks but before the exercise of options under the ESOP and the Target Warrants in issue.

Conditions precedent of the Subscription

The Initial Closing is subject to the fulfillment of, among other things, (i) the Company having successfully completed such fund raising exercise and having obtained therefrom necessary financing for the payment of the purchase price of the relevant Series F Preferred Stock that it is purchasing at the relevant Closing; (ii) the approval from the Shareholders and the Stock Exchange (where applicable) for the Preferred Stock Purchase Agreement and the transactions contemplated thereunder; (iii) all authorizations, approvals or permits, if any, of any governmental authority of the United States or of any state that are required in connection with the lawful issuance and sale of the Series F Preferred Stock pursuant to the Preferred Stock Purchase Agreement shall have been obtained and effective as of the applicable Closing; and (iv) the Company having obtained a report from an independent qualified valuer indicating that the valuation of the Target is not be less than US\$60 million on or before the Long Stop Date.

The Company may at any time, by written notice to the Target, waive any or all of the conditions precedent set out in the Preferred Stock Purchase Agreement (other than the conditions precedent (i), (ii), (iii) and (iv) set out above). If all of the conditions precedent have not been satisfied (or waived) on or before the Long Stop Date, then the Preferred Stock Purchase Agreement shall automatically terminate on the part of the Company and the Company shall have no obligations to proceed with the subscription of any Series F Preferred Stock under the Preferred Stock Purchase Agreement. In such event, none of the parties to the Preferred Stock Purchase Agreement shall have any claim under the Preferred Stock Purchase Agreement of any nature whatsoever against any other parties except in respect of any rights and liabilities which have accrued before termination.

Initial Closing

Subject to the fulfillment (or waiver) of the conditions precedent set out in the Preferred Stock Purchase Agreement, the Initial Closing shall take place within two Business Days following the fulfillment or waiver of the conditions precedent as set out in Preferred Stock Purchase Agreement.

PRINCIPAL TERMS OF THE SERIES F PREFERRED STOCK

The principal terms of the Series F Preferred Stock are summarised as follows:

Total number of Series F Preferred Stock to be issued:	52,649,374 Series F Preferred Stock
Number of the Purchased Preferred Stocks to be subscribed:	47,510,800 Series F Preferred Stock
Subscription Price:	US\$0.136811 per Series F Preferred Stock (as adjusted for any subsequent stock dividends, stock splits, stock combinations or other recapitalisations with respect to such shares) (the “ Subscription Price ”)
Convertible promissory note:	Certain of the purchasers of Series F Preferred Stock (the “ Note Purchasers ”) have previously been issued convertible promissory note instruments in the aggregate principal amount of US\$5,407,795 by the Target (each, a “ Note ” and collectively, the “ Notes ”). Upon the purchase and sale of at least 73,093,536 shares of Series F Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or similar recapitalization affecting such shares) at one or more Closings, the Notes will be converted into shares of Series F Preferred Stock and cancelled without any further force or effect thereafter pursuant to the terms of the Notes and the Preferred Stock Purchase Agreement.

Dividend:

The Target shall not pay or set aside any dividends on shares of any other class or series of capital stock of the Target (other than dividends on shares of common stock payable in shares of common stock) in any calendar year unless the holders of Series F Preferred Stock then outstanding shall first and simultaneously receive, out of funds legally available therefor, a dividend on each outstanding share of Series F Preferred Stock in an amount equal to 8% of the Subscription Price

Conversion Rights:

Each share of Preferred Stock shall be convertible at any time into such number of fully paid and nonassessable shares of common stock of the Target as is determined by dividing the Subscription Price by the Conversion Price (as defined below) at conversion. The conversion price for Series F Preferred Stock shall initially be \$0.136811 per Series F Preferred Stock (the “**Conversion Price**”), subject to adjustment mentioned below.

**Termination of
Conversion Rights:**

Subject to the events on which conversion is contingent as set out in the seventh amended and restated certificate of incorporation of the Target (the “**Restated Certificate**”), in the event of a liquidation, dissolution or winding up of the Target or a deemed liquidation event as stated in the Restated Certificate, the Conversion Rights shall terminate.

**Adjustments to Conversion
Price for Diluting Issues:**

- (i) shares of common stock, options or convertible securities of the Target issued as a dividend or distribution on the Series F Preferred Stock;
- (ii) shares of common stock, options or convertible securities of the Target issued by reason of a dividend, stock split, split-up or other distribution on or subdivision of shares of common stock of the Target that is covered in the Restated Certificate;

- (iii) up to 132,248,378 shares (subject to increase upon approval by the board of the Target) (net of cancellation, termination, repurchases and the like) of common stock or options of the Target to acquire shares of common stock of the Target issued to employees or directors of, or consultants or advisors to, the Target or any of its subsidiaries pursuant to a plan, agreement or arrangement approved by the board of the Target;
- (iv) shares of common stock or convertible securities of the Target actually issued upon the exercise of options of the Target outstanding on the date of filing of the Restated Certificate (the “**Filing Date**”) or shares of common stock of the Target actually issued upon the conversion or exchange of convertible securities of the Target outstanding on the Filing Date, in each case provided that such issuance is pursuant to the terms of such option or convertible security of the Target;
- (v) shares of common stock, options or convertible securities of the Target issued to banks, equipment lessors or other financial institutions pursuant to a debt financing or equipment leasing transaction approved by the board of the Target;
- (vi) shares of common stock, options or convertible securities of the Target issued pursuant to a bona fide acquisition of another entity by the Target by merger or consolidation with, purchase of substantially all of the assets of, or purchase of more than fifty percent of the outstanding equity securities of, the other entity, or issued pursuant to a bona fide joint venture agreement, provided, that such issuances are approved by the board of the Target;

- (vii) shares of common stock, options or convertible securities of the Target issued in connection with sponsored research, collaboration, technology license, development, OEM, marketing or other similar agreements or strategic partnerships approved by the board of the Target;
- (viii) shares of common stock, options or convertible securities of the Target issued as a result of a decrease in the Conversion Price of the Series F Preferred Stock resulting from the operation of the terms of the below paragraph headed “Adjustment of Conversion Price upon issuance of additional shares of common stock of the Target”;
- (ix) shares of common stock of the Target issued in an offering to the public pursuant to a registration statement filed under the Securities Act of 1933 of the United States, as amended with, and declared effective by, the Securities and Exchange Commission of the United States;
- (x) shares of Series F Preferred Stock issued under the Preferred Stock Purchase Agreement dated on or about the Filing Date, and the common stock of the Target issuable upon conversion thereof; or
- (xi) the issuance or deemed issuance of common stock of the Target if the Target receives written notice from the holders of a majority of the then outstanding shares of Preferred Stock on an as-converted basis agreeing that no adjustment shall be made as the result of the issuance or deemed issuance.

**Adjustment of Conversion
Price upon issuance of
additional shares of
common stock of the Target:**

In the event the Target shall at any time after the Filing Date issue additional shares of common stock of the Target (including additional shares of common stock of the Target deemed to be issued pursuant to the Restated Certificate), without consideration or for a consideration per share less than the Conversion Price in effect immediately prior to such issue, then such Conversion Price shall be reduced, to a price determined in accordance with the following formula:

$$CP_2 = CP_1 * (A + B) \div (A + C)$$

which,

CP_2 = the Conversion Price in effect immediately after such issue or deemed issue of additional shares of common stock of the Target;

CP_1 = the Conversion Price in effect immediately prior to such issue or deemed issue of additional shares of common stock of the Target;

A = the number of shares of common stock of the Target outstanding immediately prior to such issue or deemed issue of additional shares of common stock of the Target (treating for this purpose as outstanding all shares of common stock of the Target issuable upon exercise of options of the Target outstanding immediately prior to such issue or upon conversion or exchange of convertible securities of the Target (including the Preferred Stock) outstanding (assuming exercise of any outstanding options of the Target therefor) immediately prior to such issue);

B = the number of shares of common stock of the Target that would have been issued or deemed issued if such additional shares of common stock of the Target had been issued at a price per share equal to CP_1 (determined by dividing the aggregate consideration received by the Target in respect of such issue by CP_1); and

C = the number of such additional shares of common stock of the Target actually issued or deemed issued in such transaction.

Mandatory Conversion:

Upon either (a) the closing of the sale of shares of common stock of the Target to the public at a price of at least \$0.342028 per share in a firm-commitment underwritten public offering pursuant to an effective registration statement under the Securities Act of 1933 of the United States, as amended, resulting in at least US\$60,000,000 of gross proceeds to the Target (a “**Qualifying Public Offering**”) or (b) the date and time, or the occurrence of an event, specified by vote or written consent of the holders of a majority of the outstanding shares of Preferred Stock at the time of such vote or consent, voting as a single class on an as-converted basis, (i) all outstanding shares of Preferred Stock shall automatically be converted into shares of common stock of the Target, at the applicable ratio described in the Restated Certificate as the same may be adjusted from time to time in accordance with the terms of Conversion Rights as set out in the Restated Certificate (and, at the election of a holder of Preferred Stock, such mandatory conversion shall, with respect to such Preferred Stock, be deemed to have occurred immediately prior to the Qualifying Public Offering) and (ii) such shares may not be reissued by the Target.

Redemption:

Shares of Preferred Stock shall be redeemed by the Target out of funds lawfully available therefor at a price equal to (i) the Subscription Price per share, plus (ii) an amount equal to the greater of (x) eight percent of the Subscription Price and (y) all declared but unpaid dividends thereon, in a single installment to occur not more than 60 days after receipt by the Target at any time on or after 16 December 2023, from the holders of a majority of the then outstanding shares of Preferred Stock

Voting:

Except as provided by law or by the other provisions of the Restated Certificate, holders of Preferred Stock shall vote together with the holders of Common Stock as a single class on an as-converted basis, shall have full voting rights and powers equal to the voting rights and powers of the holders of common stock of the Target, and shall be entitled, notwithstanding any provision of the Restated Certificate, to notice of any stockholders' meeting in accordance with the by-laws of the Target.

Rights to appoint director:

For so long as the Company continues to own beneficially at least 5,000,000 shares of Series F Preferred Stock (subject to adjustment for stock splits, combinations, and the like), one individual shall be designated by the Company from time to time to serve as the member of the board of directors of the Target, who is subject to election solely by the holders of the Series F Preferred Stock pursuant to the Restated Certificate.

The authorized size of the board of directors shall be 7, and it is expected that there will be 6 directors of the Target upon Initial Closing with one vacancy, out of them 1 of the director shall be appointed by the Company.

The Consideration is expected to be funded by the net proceeds from possible fund raising activities of the Company, details of which are set out in the section headed "POSSIBLE FUND RAISING ACTIVITIES OF THE COMPANY" below in this announcement.

Warrant

In addition to the Purchased Preferred Stocks, at the Initial Closing, the Target will issue to the Company without additional consideration, the Warrants, to purchase the number of 5,138,574 fully paid and nonassessable shares of Series F Preferred Stocks at the Fair Value. The Company will comply with the requirements under the GEM Listing Rules when the Company decides to exercise the Warrants, as and when appropriate.

Exercise of the Warrant

The Company may elect to convert the Warrant, in whole or in part, by the surrender of the Warrant to the Target, with the net exercise election selected by the Company, into the number of shares of warrant stock of the Target that is obtained under the following formula:

$$X = \frac{Y*(A - B)}{A}$$

where,

X = the number of shares of warrant stock of the Target to be issued to the Company

Y = the number of shares of warrant stock of the Target with respect to which the Warrant is being exercised

A = the fair market value (the “**Fair Value**”) of one share of warrant stock of the Target as at the time the net exercise election is made

B = the exercise price of US\$0.136811 per share.

For purposes of the above calculation, the Fair Value of one share of warrant stock of the Target means:

- (i) If the Warrant is exercised on the date of the Target’s initial public offering of common stock (“**IPO**”), and if the Target’s registration statement relating to such public offering has been declared effective by the Securities and Exchange Commission of the United States, then the Fair Value of one share of warrant stock of the Target shall be the product of (a) the initial “price to public” of the common stock of the Target specified in the final prospectus with respect to the offering, and (b) the number of shares of common stock of the Target into which each share of Series F Preferred Stock exercised is convertible at the date of calculation.
- (ii) If the Warrant is exercised after, and not on the date of the IPO, and if Company’s common stock is traded on a securities exchange or actively traded over-the-counter:
 - (a) If the Target’s common stock is traded on a securities exchange, the Fair Value of one share of warrant stock of the Target shall be deemed to be the product of (a) the closing price of Target’s common stock as quoted on any exchange, for the trading day immediately prior to the date of the Company’s election thereunder and, (b) the number of shares of common stock of the Target into which each share of Series F Preferred Stock exercised is convertible on such date.

- (b) If the Target's common stock is actively traded over-the-counter, the Fair Value of one share of warrant stock of the Target shall be deemed to be the product of (a) the closing bid or sales price, whichever is applicable, of Target's common stock for the trading day immediately prior to the date of the Company's election thereunder and (b) the number of shares of common stock of the Target into which each share of Series F Preferred Stock exercised is convertible on such date.
- (iii) If neither (i) nor (ii) is applicable, the Fair Value of one share of warrant stock of the Target shall be determined in good faith by the board of directors of the Target based on relevant facts and circumstances at the time of the net exercise above, including in the case of a Change of Control the consideration receivable by the Company in such Change of Control and the liquidation preference (including any declared but unpaid dividends), if any, then applicable to the Series F Preferred Stock or any other securities of the Company then outstanding.

Termination of the Warrant

The Warrants shall terminate upon the earlier of (i) the tenth year anniversary of the date of issuance set forth on the face of the Warrant and (ii) the date of a Change of Control in the event that the Fair Value of one share of warrant stock of the Target as of the date of such closing is less than the exercise price then in effect.

Subscription of the Series F Preferred Stock at Second Closing

Subject to the terms and conditions of the Preferred Stock Purchase Agreement, the Company shall have the right, at its absolute discretion, elect to purchase at the Second Closing, on the same terms and conditions as set out in the Preferred Stock Purchase Agreement, the Additional Preferred Stock. The Company will comply with the requirements under the GEM Listing Rules when the Company elects to purchase at the Second Closing, as and when appropriate.

POSSIBLE FUND RAISING ACTIVITIES OF THE COMPANY

As disclosed above, as one of the condition precedent to the Initial Closing is the raising of funds for the Company to pay the Subscription Price, the Company is contemplating possible fund raising exercises and as at the date of this announcement, was liaising with potential placing agent to finalise the terms thereof. Further announcement(s) will be made by the Company in compliance with the requirements of the GEM Listing Rules as and when appropriate.

REASONS FOR AND THE BENEFITS OF THE SUBSCRIPTION

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

The Company, from time to time, explores investment opportunities in different sectors with a view to diversify the Group's investment portfolio. The Directors are of the view that the demand for clean energy storage solutions, which is one of the rapid growing development businesses in the near future, will continue to be strong on the back of (i) increased usage of renewable energy for industrial and state power generation, (ii) continued deployment of storage as a power source for critical energy uses both on and off the grid. The Subscription will provide an opportunity to the Company for potential return from the investment and may expand the market and business opportunity of the Company.

The Subscription was arrived at after arm's length negotiation between the Parties with reference to, inter alia, (i) the value of Target based on its previous series of financing and financial information available to the Company, (ii) the recent progress of its business development; and (iii) the prospect of the energy saving industry. The Directors consider the Preferred Stock Purchase Agreement is on normal commercial terms, and the Subscription is fair and reasonable and in the interests of the Group and the Shareholders as a whole.

INFORMATION ON THE TARGET

The Target was incorporated in California on 10 October, 2006, and reincorporated in Delaware on 16 July, 2009. It designs and manufactures long duration energy systems based on its proprietary flow battery technology that economically address a wide range of energy storage applications.

The Target is a global leader in the stationery energy storage market which is projected to be larger than US\$620 billion in Year 2040. 50% of the market is projected to be addressed by long duration batteries*. The Target's systems are uniquely positioned with proven technology and with the lowest lifecycle cost. Its systems are differentiated through no membrane, low cost electrolyte and a single flow loop. This differentiation is protected by 59 patents granted by 13 countries.

The Target is in rapid commercialization. It has proven its technology in with repeated customers and is now scaling fast to build and deploy approximately 300–400 units/7MW/35MWh of booked orders in the first portion of Year 2019. Current customer prospects total US\$1.3 billion which is expected to grow.

High profile customers including CBRE, Microsoft, NEXTracker, Goldwind, Eskom, Anglo American and other substantial national and State owned enterprises. Recent orders have come from California waste water treatment authorities (ordering at least 25 systems) and a further 200 systems order from Anglo American.

* *Source: Bloomberg New Energy Finance, Long-Term energy Storage Outlook, November 2018*

Financial information of the Target

Set out below is the summary of the financial information of the Target for the financial years ended 31 December 2016 and 30 December 2017 extracted from its consolidated audited financial statements:

	For the year ended 31 December 2016	For the year ended 30 December 2017
	<i>US\$</i> (audited)	<i>US\$</i> (audited)
Revenue	15,800	438,288
Operating loss	11,223,321	14,391,916
Net loss	11,540,233	14,357,202

The unaudited consolidated total assets of the Target as at 30 June 2018 is US\$9,650,298.

Shareholding of the Target

For illustration purpose only, the table below sets out the shareholding of the Target as at the date of this announcement on (i) upon issue of the Purchased Preferred Stocks and before the exercise of options under the ESOP, the Warrants and Target Warrants; and (ii) upon full exercise of options under the ESOP, the Warrants and Target Warrants (assuming the Initial Closing has taken place):

	(i) Upon issue of the Purchase Preferred Stocks and before the exercise of options under the ESOP, the Warrants and Target Warrants		(ii) Upon full exercise of options under the ESOP and Target Warrants, the Warrants (assuming the Initial Closing has taken place)	
	<i>Number of Shares</i>	<i>approx. % of shareholding</i>	<i>Number of Shares</i>	<i>approx. % of shareholding</i>
Existing common shareholders	7,686,951	1.92%	7,686,951	1.45%
Holder of Series A Preferred Shares	8,913,043	2.23%	8,913,043	1.68%
Holder of Series B Preferred Shares	12,628,367	3.16%	12,628,367	2.38%
Holder of Series C-1 Preferred Shares	108,572,674	27.16%	108,572,674	20.50%
Holder of Series D Preferred Shares	141,174,831	35.32%	141,174,831	26.66%
Holder of Series E Preferred Shares	73,251,487	18.32%	73,251,487	13.83%
The Company	47,510,800	11.89	47,510,800	8.97%
Target Warrants and the Warrants	N/A	—	15,285,186	2.89%
Shares issued pursuant to the options granted under the ESOP	N/A	—	40,043,083	7.56%
Shares to be issued pursuant to the options granted under the ESOP	N/A	—	36,144,243	6.82%
Shares reserved for ESOP	N/A	—	38,413,146	7.25%
Total	<u>399,738,153</u>	<u>100%</u>	<u>529,623,811</u>	<u>100%</u>

GEM LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined in the GEM Listing Rules) for the Subscription exceeds 5% but less than 25%, the Subscription constitutes a discloseable transaction on the part of the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting and announcement requirements.

Since the Initial Closing is subject to the fulfilment of the conditions precedent as set out in the Preferred Stock Purchase Agreement, and the Second Closing may or may not be proceeded which is subject to the election of the Company at its absolute discretion, the transactions contemplated under the Preferred Stock Purchase Agreement 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

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

“Additional Preferred Stock(s)”	up to 244,863,395 Series F Preferred Stocks (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or similar recapitalisation affecting such shares)
“associate(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	(i) a day on which banks are generally open for business in Hong Kong (other than a Saturday, Sunday or a public holiday or a day on which a tropical cyclone warning No. 8 or above or a “black” rainstorm warning signal is or remains hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.); and (ii) a day which is not a federal or state holidays in the United States

“Change of Control”	(i) a merger or consolidation of the Target in which outstanding shares of the Target are exchanged for securities or other consideration issued, or caused to be issued, by the acquiring corporation or its subsidiary and after which the Target’s stockholders own less than 50% of the voting stock of the surviving company (other than a bona fide equity financing or a mere reincorporation transaction) or (ii) a sale or other disposition of all or substantially all of the assets of the Target
“Closing(s)”	each completion of the subscription of the Preferred Stock, which may refer to the Initial Closing or the Second Closing, as the case may be
“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
“connected person(s)”	has the meaning as ascribed thereto in the GEM Listing Rules
“Consideration”	the total purchase price of US\$6,500,000 (equivalent to approximately HK\$50,783,850) payable under the Preferred Stock Purchase Agreement
“Conversion Rights”	the conversion rights which the holders of the Preferred Stock shall have
“Director(s)”	director(s) of the Company
“ESOP”	the employees share option plan currently duly adopted by the Target
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“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
“Initial Closing”	the closing of the Subscription which the initial purchase and sale of the shares of Series F Preferred Stock shall take place remotely via the exchange of documents on the next Business Day following the fulfilment or waiver of the conditions precedent as set out in the Preferred Stock Purchase Agreement but in any event no later than 14 January 2019 unless such date is extended by written agreement of the Company and the Target
“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
“Long Stop Date”	14 January 2019, being the date of which the conditions precedent of the Preferred Stock Purchase Agreement having been satisfied (or waived) or such later date as the Company and the Target may agree in writing
“Preferred Stock(s)”	the preferred stock(s) of the Target with US\$0.0001 par value per share
“Preferred Stock Purchase Agreement”	the Series F preferred stock purchase agreement entered into between, the Company and the Target dated 16 December 2018 in relation to the Subscription
“Purchased Preferred Stocks”	47,510,800 Series F Preferred Stocks

“Second Closing”	the closing of the subscription of Additional Preferred Stocks which shall be on or prior to the date that is ninety days following the date of the Initial Closing (which date may be extended at the sole discretion of the board of Target), which may or may not take place subject to the election of the Company at its discretion
“Series F Preferred Stock(s)”	the Series F preferred stock(s) of the Target of US\$0.0001 par value per share
“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
“Subscription”	the proposed subscription of the Purchased Preferred Stocks by the Company in the Target in accordance with the terms and conditions of the Preferred Stock Purchase Agreement
“Target”	Primus Power Corporation, a company incorporated and existing under the laws of the State of Delaware, the United States
“Target Warrants”	10,146,612 warrants issued by the Target that each confers rights entitling its holder(s) to subscribe for share capital of the Target
“United States”	the United States of America
“Warrant(s)”	5,138,574 warrants to be issued by the Target to the Company pursuant to the Preferred Stock Purchase Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“US\$” United States dollars, the lawful currency of the United States

“%” per cent.

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

Hong Kong, 16 December 2018

As at the date of this announcement, the executive Directors are Mr. Tam Wing Ki, Mr. Fu Yan Ming and Mr. Kwok Ming Fai; and the independent non-executive Directors are Mr. Chan Shiu Man, Mr. Fung Chan Man Alex and Mr. Wong Ching Wan.

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.

** For illustration purpose only, amounts denominated in US\$ in this announcement have been translated into HK\$ at the rate of US\$1 = HK\$7.8129. Such translation should not be construed as a representation that the amounts quoted could have been or could be or will be converted at the stated rate or at any other rates or at all.*