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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



恒明珠證券有限公司
ETERNAL PEARL SECURITIES LTD.

Eternal Pearl Securities Limited

THE PLACING AGREEMENT

The Board is pleased to announce that on 19 December 2018 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company proposes to offer the Placing Shares for subscription, and thereby appoints the Placing Agent to procure subscription by not less than six Placees for the Placing Shares at the Placing Price on best-effort basis. As the Placing Shares will be allotted and issued under the General Mandate, the allotment and issue of the Placing Shares are not subject to the Shareholders' approval.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Completion, the Placing Shares represents (i) approximately 11.7% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 10.5% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

Assuming all Placing Shares are placed under the Placing Agreement, the gross proceeds from the Placing will be HK\$85.5 million, and the net proceeds will be approximately HK\$84.4 million (after deduction of commission and other expenses of the Placing). It is intended that such net proceeds from the Placing will be used as to (i) approximately HK\$51 million to settle the Consideration; (ii) approximately HK\$14.5 million to pay for fees and expenses in relation to the Placing and the Subscription; and (iii) balance of which in the amount of approximately HK\$18.9 million would be utilised as general working capital of the Group.

Shareholders and potential investors of the Company should note that completion of the Placing is subject to fulfillment of conditions precedent. As the Placing may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

The Board is pleased to announce that on 19 December 2018 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent. The principal terms of which are summarised as follows:

Date: 19 December 2018

Parties: (i) the Company; and
(ii) the Placing Agent.

(each a “**Party**” and collectively the “**Parties**”)

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties as at the date of this announcement.

The Company shall pay to the Placing Agent and the Placing Agent shall be entitled to, provided that Completion occurs in accordance with the terms set out in the Placing Agreement, a commission in such an amount as shall be equivalent to 1% of the aggregate amount equal to the Placing Price multiplied by the number of Placing Shares placed in the Placing. Such placing commission was determined after arm’s length negotiation between the Company and the Placing Agent under normal commercial terms with reference to, among other things, the prevailing market conditions.

Placees

The Placing Agent shall procure not less than six Placee(s) to subscribe for the Placing Shares at the Placing Price on terms and conditions set out in the Placing Agreement on a best-effort basis during the Placing Period. The Placing Agent shall, and shall procure its sub-placing agent (if applicable and any) to, use their respective reasonable endeavours to ensure that all Placees and their ultimate beneficial owners shall be independent of and not connected with the Company (and its subsidiaries). The Placing Agent shall ensure that any Placee(s) shall not become a substantial shareholder (as defined in the GEM Listing Rules) by reason of the Placing but the Placing Agent shall not be responsible to ensure that the Company shall maintain its public float (within the meaning of the GEM Listing Rules).

Number of Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Completion, the Placing Shares represents (i) approximately 11.7% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 10.5% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

Issuance of Placing Shares

Subject to the conditions precedent of the Placing set out below, the Company shall, upon Completion, allot and issue the Placing Shares under the General Mandate to the Placees free from any and all encumbrances and together with all rights attaching to them ranking *pari passu* to the issued and existing Shares in all respects as at the Completion Date, including the right to receive all dividends declared, made or paid on or after the Completion Date.

Placing Price

The Placing Price represents:

- (i) a premium of approximately 97.9% to the closing price of HK\$0.096 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a premium of approximately 176.2% to the average closing price of HK\$0.0688 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The net placing price under the Placing is approximately HK\$0.188 per Placing Share.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent with reference to the funding requirement of the Subscription, the prevailing and historical market prices of the Shares and current market condition. The Directors consider that the Placing Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions precedent of the Placing

Completion is conditional upon:

- (a) the Board having passed relevant resolutions for approval of the Placing Agreement and the transactions contemplated thereunder;
- (b) the Listing Committee having granted approval for the listing of, and permission to deal in, the Placing Shares on the GEM and such approval not having been subsequently revoked, withdrawn or cancelled or threatened with any revocation, withdrawal or cancellation by the Closing Date (as defined below);
- (c) the agreement entered into between the Company and the Target in relation to the Subscription granting to the Company rights to subscribe for the Purchased Preferred Stocks pursuant to the terms and conditions thereof having become unconditional (other than the condition that the Placing is completed);
- (d) the Placing Agent having successfully procured not less than six Placees to subscribe for the Placing Shares or any portfolio thereof at the Placing Price;
- (e) (if required) the Company having obtained all necessary consent, approval, authorization, permission, or confirmation for the consummation of the transactions contemplated under the Placing Agreement from any third party with whom the Company has entered into any agreement or arrangement; and
- (f) the Company's representations and warranties made pursuant to the Placing Agreement being true and accurate and not misleading in any or all material respect as of the date of the Placing Agreement and the Completion Date.

Save and except (i) condition precedent (d) which may be waived by mutual agreement between the Parties in writing, and (ii) condition precedent (f) above which may be waived by the Placing Agent unilaterally, none of the other abovementioned conditions precedent can be waived by any Party. The Company shall use all its best endeavours to procure the satisfaction of all the abovementioned conditions precedent (save and except condition precedent (d) upon the satisfaction or fulfillment of the same having been waived by mutual agreement between the Parties in writing and/or condition precedent (f) above upon the satisfaction or fulfilment of the same having been waived by the Placing Agent unilaterally) as set out above, and in case any of the abovementioned conditions precedent (save and except condition precedent (d) upon the satisfaction or fulfilment of the same having been waived by mutual agreement between the Parties in writing and/or condition precedent (f) upon the satisfaction or fulfilment of the same having been waived by the Placing Agent unilaterally) shall not have been satisfied or fulfilled by 29 January 2019 (or such later date as the Parties shall mutually agree in writing) (the “**Closing Date**”) or any of the force majeure event set out in the Placing Agreement shall have occurred, subject to the terms in the Placing Agreement, all obligations of the respective Parties under the Placing Agreement shall cease and determine, and no Party shall have any claim whatsoever against the other Party in relation thereto or as a result thereof save for any antecedent breach of any obligations under the Placing Agreement and without prejudice to the accrued rights and liabilities of the respective Parties.

Application for listing

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Placing Shares.

Completion

Subject to the abovementioned conditions precedent of the Placing, Completion shall take place on the Completion Date.

USE OF PROCEEDS AND REASONS FOR THE PLACING

Assuming all Placing Shares are placed under the Placing Agreement, the gross proceeds from the Placing will be HK\$85.5 million and the net proceeds will be approximately HK\$84.4 million (after deduction of commission and other expenses of the Placing). It is intended that such net proceeds from the Placing will be used to (i) approximately HK\$51 million to settle the Consideration; (ii) approximately HK\$14.5 million to pay for fees and expenses in relation to the Placing and the Subscription; and (iii) balance of which in the amount of approximately HK\$18.9 million would be utilised as general working capital of the Group.

The Directors are of the view that the Placing Agreement is on normal commercial terms. In addition, as the settlement of the Consideration by way of Placing of new Shares will not increase the cash outflow of the Group, the Directors consider the Placing is fair and reasonable and in the interests of the Group and the Shareholders as a whole.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

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

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after Completion assuming all the Placing Shares have been placed:

Shareholders	(i) As at the date of this announcement		(ii) Immediately after Completion assuming all the Placing Shares have been placed	
	Number of Shares	approx. % of shareholding	Number of Shares	approx. % of shareholding
Solution Smart Holdings Limited (<i>Note 1</i>)	1,125,896,000	29.32%	1,125,896,000	26.24%
SMK Investment Company Limited (<i>Note 2</i>)	898,176,000	23.39%	898,176,000	20.94%
Placees	—	—	450,000,000	10.49%
Other public Shareholders	<u>1,815,928,000</u>	<u>47.29%</u>	<u>1,815,928,000</u>	<u>42.33%</u>
Total	<u>3,840,000,000</u>	<u>100.00%</u>	<u>4,290,000,000</u>	<u>100.00%</u>

Notes:

- Mr. Yeung Shing Wai is the sole beneficial shareholder of SW Venture Asia Limited, which is the sole beneficial shareholder of Solution Smart Holdings Limited (“**Solution Smart**”). Therefore, Mr. Yeung Shing Wai and SW Venture Asia Limited are deemed to be interested in 1,125,896,000 shares of the Company held by Solution Smart under the SFO.
- Mr. Tam Wing Ki, the Director and chief executive officer of the Company, is the sole beneficial shareholder of SMK Investment Company Limited (“**SMK**”). Therefore, Mr. Tam Wing Ki is deemed to be interested in 898,176,000 shares of the Company held by SMK under the SFO.

GENERAL MANDATE

The Placing Shares will be allotted and issued under the General Mandate, which was granted to the Directors pursuant to an ordinary resolution passed by the Shareholders at the annual general meeting of the Company held on 25 July 2018. Pursuant to the General Mandate, the Company was authorized to issue and allot up to 768,000,000 Shares, representing 20% of the number of Shares in issue on the date of passing of such resolution. As at the date of this announcement, no new Shares have been issued under the General Mandate. Accordingly, the allotment and issue of the Placing Shares is not subject to the approval of the Shareholders.

Shareholders and potential investors of the Company should note that completion of the Placing is subject to fulfillment of conditions precedent. As the Placing may or may not proceed, Shareholders and potential investors of the Company are reminded 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:

“acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“associate(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	any day (excluding Saturdays, Sundays, public holidays and days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks generally are open for general banking business in Hong Kong
“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 Placing
“Completion Date”	the date of Completion, which shall be any Business Day within a period of five Business Days after the Closing Date or such other date as the Parties may mutually agree in writing

“connected person(s)”	has the meaning as ascribed thereto in the GEM Listing Rules
“Consideration”	the total purchase price of US\$6,500,000 payable under the Preferred Stock Purchase Agreement as disclosed in the announcement of the Company dated 16 December 2018
“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 at the annual general meeting of the Company held on 25 July 2018 authorising the Board to allot, issue and deal with up to 768,000,000 new Shares
“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
“Placee(s)”	any investor who is either a professional or institutional investor or other investors selected and procured by or on behalf of the Placing Agent as contemplated by the Placing Agreement and is (i) independent of the Group, its connected person(s) and their respective associate(s), and (ii) independent of and not parties acting in concert with any persons, other placee(s) or Shareholders to the effect that any Placing to such investor shall not trigger any mandatory offer obligation under Rule 26.1 of the Takeovers Code, procured by the Placing Agent to subscribe for the Placing Shares or any portfolio thereof pursuant to the Placing Agent’s obligations under the Placing Agreement

“Placing”	the placing of an aggregate of 450,000,000 Placing Shares by the Placing Agent, pursuant to the terms of the Placing Agreement
“Placing Agent”	Eternal Pearl Securities Limited, a corporation licensed to carry out business in Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities under the SFO
“Placing Agreement”	a conditional placing agreement dated 19 December 2018 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Period”	the period commencing from 20 December 2018 and expiring at 5:00 p.m. on 15 January 2019 or such other date as the Parties may mutually agree in writing
“Placing Price”	HK\$0.19 per Placing Share
“Placing Share(s)”	a maximum of 450,000,000 new Shares to be allotted and issued by the Company pursuant to the terms and conditions of the Placing Agreement which shall rank <i>pari passu</i> in all respects with the Shares in issue as at the date of allotment of the Placing Shares
“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
“Series F Preferred Stock(s)”	the Series F preferred stock(s) of the Target of US\$0.0001 par value per share
“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

“Subscription”	the proposed subscription pursuant to the Preferred Stock Purchase Agreement by the Company as announced on 16 December 2018
“Takeovers Code”	the Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong
“Target”	Primus Power Corporation, a company incorporated and existing under the laws of the State of Delaware, the United States
“United States”	the United States of America
“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, 19 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.