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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)

SUPPLEMENTAL ANNOUNCEMENT TO DISCLOSEABLE TRANSACTION INVOLVING ISSUE OF SHARES UNDER GENERAL MANDATE

Reference is made to the Company's announcement dated 2 June 2022 (the "Announcement") in relation to the acquisition of World Smarts Co. Limited. Terms used herein shall have the same meanings as defined in the Announcement unless otherwise stated.

The Company would like to provide the following additional information relating to the Acquisition:

Basis of consideration and profit guarantee

The profit guarantee was determined after arm's length negotiation between the Company and Vendors. According to the information provided by the Vendors, the Target's existing customers are mainly located in North America, Europe and Japan and include well known entertainment brands and retail outlet. The financial performance of the Target for the past two years were adversely affected by COVID-19 and as a result the historical net profits were apparently significantly lower than the guaranteed profit. However it is expected that the orders from existing customers will rebound substantially as the overseas countries are gradually returning to normalcy in the wake of the pandemic. In addition, the Target is expected to secure new customers located in North America and South East Asia which will further boost the revenue for 2023 and 2024. After having considered the orders on hand, the list of existing and new customers and the prospects of market demands, the Board considered that the profit guarantee is achievable and is fair and reasonable.

The consideration of HK\$15 million was determined with reference to, among others, the profit guarantee of not less than HK\$1.9 million net profit before tax for each of the year ended 31 March 2023 and 31 March 2024. The consideration represented approximately 7.9 times the profit for each of the year 2023 and 2024 which the Board considered to be reasonable. Pursuant to the Agreement, if the profit guarantee was not met, the Vendors shall pay compensation to the Purchaser on a pro-rata basis. After taking into account of the low price-to-earnings ratio of the profit guarantee and the compensation mechanism under the Agreement, the Board considered that it is fair and reasonable to determine the consideration based on the profit guarantee.

In view of the above, the Board considered that the consideration is fair and reasonable and in the interest of the Company and its shareholders as a whole.

Consideration Shares and issue price

The issue price of HK\$0.132 per Share was determined after arm's length negotiation between the Company and Vendors with reference to the prevailing and historical market prices of the Shares. The closing prices of the Share had remained at below HK\$0.084 for the 12 months prior to April 2022. From April 2022 the Share prices rose substantially and reached HK\$0.165 on the date of the Agreement. The recent surge in the Share prices may be speculative and may not be sustainable. The issue price is at a premium to (i) the highest closing price of HK\$0.084 for the 12 months before April 2022 and (ii) the net asset value per Share of approximately HK\$0.011 as at 30 September 2021. In addition, the discount of the issue price to the benchmarked price as defined under the GEM Listing Rules does not exceed 20%. The Board therefore considered that the issue price of the Consideration Shares is fair and reasonable and in the interest of the Company and its shareholders as a whole.

The settlement of the consideration by way of issue of Consideration Shares was arrived at after arm's length negotiation between the Company and the Vendors. The Vendors would not accept payment other than cash and/or Shares. The Board considered that settlement of the consideration by way of issue of new Shares will save the Company from substantial cash outflow. The Company would be able to maintain healthy liquidity for its working capital needs and as buffer for unforeseen circumstances. The Board therefore considered that the current settlement method by way of issue of Consideration Shares only is fair and reasonable and in the interest of the Company and its shareholders as a whole.

Information on the Vendors

DD Innovation Limited is a company founded by Wong Ming Kwan Victoria (“**Ms. Wong**”) in Hong Kong in 2014 and is principally engaged in investment holding. Ms. Wong has been engaged in the production and sales of OEM, ODM and OBM plastic products for over 14 years. Prior to 2014, Ms. Wong was involved in the OEM production industry through her family’s business. In 2014 Ms. Wong founded the Target and began her own business. Ms. Wong has also gained substantive experience working in well known financial institution and commodity trading company.

By Order of the Board of
On Real International Holdings Limited
Au Yeung Yiu Chung
Executive Director

Hong Kong, 14 June 2022

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Yeung Shing Wai and Mr. Au Yeung Yiu Chung; one non-executive Director, namely Mr. Tao Hong Ming; and four independent non-executive Directors, namely Mr. Chan Shiu Man, Ms. Zhu Xiu Zhi, Mr. Choi Pun Lap and Mr. Sheng Wei.

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.