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STEED ORIENTAL (HOLDINGS) COMPANY LIMITED

駿東（控股）有限公司

(Incorporated in the Cayman Islands with members' limited liability)

(Stock Code: 8277)

PLACING OF NEW SHARES UNDER THE GENERAL MANDATE

PLACING AGENT



On 20 April 2021 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best efforts basis, up to 43,740,000 Placing Shares at the Placing Price to currently expected to be not less than six Placees who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons. The Placing Shares will be allotted and issued pursuant to the General Mandate. A maximum of 43,740,000 Placing Shares under the Placing represented approximately 20.0% of the existing issued share capital of the Company of 218,733,333 Shares as at the date of this announcement, and approximately 16.7% of the then issued share capital of 262,473,333 Shares as enlarged by the Placing. The Placing Price of HK\$0.2 per Placing Share represents (i) a discount of approximately 9.09% to the closing price of HK\$0.22 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 9.09% to the average closing price of HK\$0.22 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the Last Trading Day. The maximum gross proceeds from the Placing will be approximately HK\$8.75 million. The maximum net proceeds from the Placing will amount to approximately HK\$8.45 million, which are intended to be used as general working capital of the Group.

Completion of the Placing Agreement is conditional upon the Listing Committee of the Stock Exchange granting listing of, and permission to deal in the Placing Shares.

As the Placing Agreement may or may not complete, shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date

20 April 2021 (after trading hours)

Parties

Issuer : The Company

Placing Agent : Citrus Securities Limited

The Placing Agent has been appointed to place up to 43,740,000 Placing Shares at the Placing Price of HK\$0.2, on a best effort basis, to not less than six Placees. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Placees

The Placing Agent will place the Placing Shares to currently expected to be not less than six Placees who and whose ultimate beneficial owners are third parties independent of the Company and its connected persons. Upon Completion, it is expected that none of the Placees will become a substantial Shareholder (as defined in the GEM Listing Rules) immediately after the Placing.

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 Completion, the Company shall place, through the Placing Agent, on a best efforts basis, the maximum of 43,740,000 Placing Shares under the Placing represented approximately 20.0% of the existing issued share capital of the Company of 218,733,333 Shares as at the date of this announcement, and approximately 16.7% of the then issued share capital of 262,473,333 Shares as enlarged by the Placing. The maximum aggregate nominal value of the Placing Shares under the Placing will be HK\$437,400.

Placing Price

The Placing Price is HK\$0.2 per Placing Share which represents:

- (i) a discount of approximately 9.09% to the closing price of HK\$0.22 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a discount of approximately 9.09% to the average closing price of HK\$0.22 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the Last Trading Day.

Taking into account the expenses of the Placing in the amount of approximately HK\$0.30 million, the maximum net price to the Company of each Placing Share is approximately HK\$0.19 per Placing Share.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors consider that the terms of the Placing are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Ranking of Placing Shares

The Placing Shares, when issued and fully paid, will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing commission

The Placing Agent will receive a placing commission calculated as 2.0% of the amount equal to the Placing Price multiplied by the number of the Placing Shares successfully placed (i.e. gross proceeds from the Placing) in accordance with the Placing Agreement. Such placing commission was arrived at after arm's length negotiation between the Company and the Placing Agent by reference to the size of the Placing and the prevailing market condition. Having considered the Placing Price and the terms of the Placing Agreement, the Directors are of the view that the placing commission of 2.0% is fair and reasonable.

General Mandate to issue the Placing Shares

The Placing Shares will be allotted and issued under the General Mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the AGM, on which date the total number of Shares in issue was 218,733,333. Accordingly, the available number of Shares that can be issued under the General Mandate is 43,746,666 Shares. As at the date of this announcement, the Company had not utilised the General Mandate and the maximum of 43,740,000 Placing Shares under the Placing represented approximately 99.98% of the General Mandate.

The allotment and issue of the Placing Shares are not subject to any additional Shareholders' approval.

Condition to the Placing Agreement

Completion of the Placing Agreement is conditional upon the Listing Committee of the Stock Exchange granting listing of, and permission to deal in the Placing Shares.

If the above condition is not satisfied on or before 18 May 2021 or such other date to be agreed between the Company and the Placing Agent in writing, the Placing will be terminated and the Placing will not proceed and all obligations and liabilities of the parties under the Placing Agreement will forthwith cease and determine and no party will have any claim against the other.

Termination of the Placing

Pursuant to the Placing Agreement,

- (1) the Placing Agent is entitled to terminate the arrangements set out in the Placing Agreement by notice in writing at or prior to 9:00 a.m. on the Completion Date, if in its opinion, the success of the Placing would be materially and adversely affected by any of the following force majeure events:
 - (a) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole;

- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the reasonable opinion of the Placing Agent, materially and adversely affects the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the Placing (such success being the placing of the Placing Shares to potential investor(s)) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
- (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction or trading in securities) occurs which affect the success of the Placing (such success being the placing of the Placing Shares to potential investor(s)) or otherwise in the reasonable opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.

Pursuant to the Placing Agreement, if, at or prior to 9:00 a.m. on the Completion Date,

- (1) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement; or
- (2) any suspension in the trading of the Shares on the Stock Exchange for more than 20 consecutive trading days save for the purposes of clearing of any announcement relating to the Placing Agreement or circulars relating to the Placing; or
- (3) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate, in material respects, if repeated the Placing Agent shall determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group taken as a whole or will otherwise likely to have a material prejudicial effect on the Placing,

the Placing Agent shall be entitled by notice in writing to the Company to elect to treat such matter or event as releasing and discharging it from its obligations under the Placing Agreement.

Upon giving notice pursuant to the paragraphs above, all obligations of the Company or the Placing Agent under the Placing Agreement shall cease and determine and no party of the Placing Agreement shall have any claim against any other party of the Placing Agreement in respect of any matter arising out of or in connection with the Placing Agreement, save for any antecedent breaches.

Completion of Placing

Completion of Placing will take place within five Business Days after the fulfillment of the condition set out in the Placing Agreement or such other date to be agreed in writing by the Company and the Placing Agent.

Application for listing

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

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Company is an investment holding company. The Group is principally engaged in the sourcing, manufacturing and sale of plywood products and other wooden products.

The maximum gross proceeds from the Placing will be approximately HK\$8.75 million. After deducting relevant expenses of approximately HK\$0.30 million from the Placing, the maximum net proceeds of the Placing will amount to approximately HK\$8.45 million, which are intended to be used as general working capital of the Group.

Since 2020, the global economy has been continuously affected by the outbreak of the COVID-19 pandemic. As the prospects for market recovery are still uncertain, the Board believes that the Placing provides a good opportunity for the Company to strengthen the financial position (in particular, the working capital and the cash flow position) of the Group. In addition, the Placing will strengthen the Company's capital base and broaden the Company's shareholder base.

The Directors (including the independent non-executive Directors) consider the terms of the Placing Agreement are based on normal commercial terms, which are fair and reasonable so far as the Shareholders are concerned and the Placing is in the best interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

The Company had not conducted any other fund raising activities in the past 12 months immediately preceding the date of this announcement.

SHAREHOLDING STRUCTURE OF THE COMPANY UPON COMPLETION OF THE PLACING

The shareholdings in the Company as at the date of this announcement and immediately upon completion of the Placing (assuming the maximum number of Placing Shares are placed and there is no change in the share capital of the Company from the date of this announcement up to the Completion Date) are set out as follows:

	As at the date of this announcement		Immediately upon completion of the Placing	
	<i>No. of Shares</i>	<i>Approximate % (Note 1)</i>	<i>No. of Shares</i>	<i>Approximate % (Note 1)</i>
Ms. Sun Xue Song (<i>Note 2</i>)	123,041,695	56.25	123,041,695	46.88
Mr. Xue Zhao Qiang (<i>Note 2</i>)	27,978,425	12.79	27,978,425	10.66
Placees	–	–	43,740,000	16.66
Other public Shareholders	<u>67,713,213</u>	<u>30.96</u>	<u>67,713,213</u>	<u>25.80</u>
Total	<u>218,733,333</u>	<u>100.00</u>	<u>262,473,333</u>	<u>100.00</u>

Notes:

1. The above percentage figures are subject to rounding adjustments. Accordingly, figures shown as total may not be an arithmetic aggregation of the figures preceding it.
2. Each of Ms. Sun Xue Song and Mr. Xue Zhao Qiang is an executive Director.

As the Placing Agreement may or may not complete, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions have the meaning set out below unless the context requires otherwise:

“AGM”	the annual general meeting of the Company held on 4 September 2020
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday) on which banks in Hong Kong are generally open for business
“Company”	Steed Oriental (Holdings) Company Limited, a company incorporated in the Cayman Islands with members’ limited liability, the issued Shares of which are listed on GEM
“Completion Date”	within five Business Days after the fulfillment of the condition set out in the Placing Agreement or such other date to be agreed in writing by the Company and the Placing Agent
“connected person(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Director(s)”	the 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 to the Directors pursuant to the resolutions of the Shareholders passed at the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Last Trading Day”	20 April 2021
“Placee(s)”	any individuals, corporate, institutional or other investor(s) procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of up to 43,740,000 Placing Shares pursuant to the terms of the Placing Agreement
“Placing Agent”	Citrus Securities Limited, a licensed corporation to carry on business in Type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement dated 20 April 2021 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.2 per Placing Share
“Placing Shares”	up to 43,740,000 new Shares to be placed pursuant to the Placing Agreement
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By Order of the Board
Steed Oriental (Holdings) Company Limited
Sun Xue Song
Chairman and Executive Director

Hong Kong, 20 April 2021

As at the date of this announcement, the Board comprises Ms. Sun Xue Song and Mr. Xue Zhao Qiang as executive Directors; Mr. Ding Hongquan as non-executive Director; Mr. Wang Wei, Ms. Dong Ping and Mr. Zhu Da as independent non-executive Directors.

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 GEM website at www.hkgem.com for at least seven days from the date of its publication and will be published on the website of the Company at www.steedoriental.com.hk.