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Sino Vision Worldwide Holdings Limited
新維國際控股有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)
(Stock Code: 8086)

**PROPOSED ISSUANCE OF CONVERTIBLE BONDS
UNDER GENERAL MANDATE**

The Board is pleased to announce that on 1 September 2021 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for, the Bonds in the principal amount of HK\$8,000,000, on the terms and subject to the conditions set out therein. The Bonds are convertible into Shares at the initial Conversion Price of HK\$0.20 per Conversion Share (subject to adjustments).

Based on the initial Conversion Price of HK\$0.20 per Conversion Share, a maximum number of 40,000,000 Conversion Shares will be issued and allotted upon the exercise of all Conversion Rights, which represent: (i) approximately 14.85% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 12.93% of the issued share capital of the Company as enlarged by the issue and allotment of the Conversion Shares to be issued and allotted upon the exercise of all Conversion Rights.

The Conversion Shares, which fall to be issued and allotted upon the exercise of the Conversion Rights attaching to the Bonds, will be issued and allotted under the General Mandate.

No application has been or will be made for the listing of the Bonds on the Stock Exchange or any other stock exchange. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in the Conversion Shares.

Shareholders and potential investors should note that completion of the Subscription is subject to fulfilment of the conditions under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in Shares.

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THE SUBSCRIPTION AGREEMENT

Date

1 September 2021 (after trading hours)

Parties

- (1) The Company (as the issuer); and
- (2) EAI Management Consultant Limited (as the subscriber).

The Subscription

Subject to the fulfilment or waiver by agreement between the Parties (as the case may be) of the Conditions, the Company has agreed to issue and the Subscriber has agreed to subscribe for the Bonds in the principal amount of HK\$8,000,000.

The Bonds shall carry the rights to convert into Conversion Shares at the Conversion Price of HK\$0.20 per Conversion Share (subject to adjustments). Assuming the Conversion Rights attaching to the Bonds are exercised in full at the Conversion Price of HK\$0.20 per Conversion Share, 40,000,000 Conversion Shares will fall to be issued to the Bondholder(s), representing approximately 14.85% of the issued capital of the Company as at the date of this announcement and approximately 12.93% of the issued share capital of the Company as enlarged by the issue and allotment of the Conversion Shares.

Conditions precedent to the Subscription

Completion of the Subscription pursuant to the Subscription Agreement is conditional upon the following conditions:

- (a) the current listing of the Shares on GEM not having been cancelled or withdrawn, the Shares having been traded on GEM at all times from the date hereof to and including the Completion Date (save for any temporary suspension for not more than ten (10) consecutive Business Days or such other period as agreed between the Company and Subscriber) and neither the Stock Exchange nor the SFC having indicated that it will or may qualify, object to, suspend, cancel or withdraw such listing and/or dealings in the Shares;

- (b) the Stock Exchange having granted the listing of, and the permission to deal in, all of the Conversion Shares to be issued and allotted by the Company upon the exercise of all Conversion Rights assuming no adjustment of the Conversion Price, and all requirements, if any, imposed by the Stock Exchange and the SFC, in connection with the contemplated transactions under this Transaction Documents, shall have been obtained and/or complied with in full;
- (c) the Company having obtained all necessary approvals for the consummation of the transactions contemplated under the Subscription Agreement and the other Transaction Documents; and
- (d) the Subscriber having obtained all necessary approvals for entering into the Subscription Agreement and the other Transaction Documents, and consummation of the transactions proposed therein and such approval not having been revoked.

Any or all of the above Conditions may be waived by agreement between the Parties, except that the Conditions set out in (b) and (c) are not waivable by either Party.

Completion of the Subscription

Completion of the Subscription shall take place on a date no later than five (5) Business Days after the fulfilment or waiver of the Conditions (other than those conditions which can be satisfied at the Completion or with respect to actions the relevant party shall take at the Completion itself) or at such other place and time as the Parties may agree.

Termination

If any of the Conditions to the Subscription is not fulfilled or waived (as the case may be), within two (2) months from the date of the Subscription Agreement, the Parties may, by mutual agreement:

- (i) defer the Completion to a later date;
- (ii) proceed to the Completion in respect of purchase of the Bonds so far as practicable or subject to such conditions as the Parties may agree; or
- (iii) terminate the Subscription Agreement in accordance with the Subscription Agreement.

The Bonds

The principal terms of the Bonds were arrived at after arm's length negotiations between the Company and the Subscriber and are summarised below:

- Principal amount : A principal amount of HK\$8,000,000.
- Maturity Date : Being the first anniversary of the Issue Date (or if that is not a Business Day, the last Business Day there before).
- Conversion Price : HK\$0.20 per Conversion Share (subject to adjustments).
- Interest : 1% per annum on the principal amount of the Bonds from time to time outstanding, payable in arrears on or before the tenth (10th) day after the end of each interest period in relation to the Bonds ("**Interest Period**").
- Interest Period : The length of each interest period in relation to the Bonds shall be of twelve (12) months. The first Interest Period shall commence on and include the Issue Date and shall end on but exclude the first (1st) anniversary of the Issue Date and each subsequent Interest Period shall commence on and include the last day of the last preceding Interest Period and end twelve (12) months from the last day of the last preceding Interest Period and so on. Any Interest Period which would otherwise extend beyond the Maturity Date shall instead end on and exclude the Maturity Date.
- Default interest : If an event of default occurs, interest shall accrue on a daily basis in a year of 365 days on the then outstanding principal amount of the Bonds from and including the date of occurrence of such event of default at an interest rate of 5% per annum and shall be payable on demand by the Bondholder.
- Conversion Period : The period from the Issue Date up to the Maturity Date (both days inclusive).

- Conversion Rights : Subject to the terms and conditions of the Bonds, Bondholders shall have the right to convert the whole or any portion of the remaining Bonds (in an integral multiple of HK\$500,000 and of a minimum amount of HK\$500,000) into Shares at any time during the Conversion Period, provided that no Conversion Right may be exercised, to the extent that following such exercise (i) a Bondholder and parties acting in concert with it, taken together, will directly or indirectly, control or be interested in more than 30% or more of the entire issued share of the Company or such percentage as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer, whichever is lower, or (ii) the Company will be in breach of the minimum public float requirement under the Listing Rules.
- Ranking : Shares converted upon exercise of the Conversion Rights shall rank *pari passu* in all respects with all other Shares in issue at the date of conversion and all Conversion Shares shall include rights to participate in all dividends and other distributions.
- Transferability : The Bonds may be transferred by novation, during the period commencing on the Issue Date and ending on the Maturity Date, to any affiliate of the Bondholder without consent from the Company and to any other person after receiving prior written consent from the Company.
- Adjustment of the Conversion Price : The Conversion Price shall from time to time be adjusted upon:
- (i) consolidation or sub-division;
 - (ii) capitalisation of profits or reserves;
 - (iii) rights issues of Shares or options over Shares;

- (iv) issues Shares, any options, warrants or other rights to subscribe for or purchase Shares wholly for cash at less than 90% of the initial Conversion Price;
- (v) other issues of Shares at less than 90% of the initial Conversion Price; or
- (vi) any issues of Shares at less than the Conversion Price.

Listing : No application has been or will be made for the listing of the Bonds on the Stock Exchange or any other stock exchange. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in the Conversion Shares.

Redemption and automatic conversion : **Maturity:** Unless (i) the maturity of the Bonds is accelerated upon the occurrence of an event of default, or (ii) the Bondholder has served a notice of mandatory redemption during the Redemption Notice Period, all outstanding Bonds shall be converted on the Maturity Date pursuant to the terms and conditions of the Bonds.

No redemption: The Bonds may not be redeemed by the Company at any time at the Company's discretion.

Event of default redemption: Upon the occurrence of any events of default, the Company shall have a period of 28 Business Days starting from the date of receipt by the Bondholder of the notice of event of default to remedy such event of default. If such event of default is not remedied within such period or if such event of default is incapable of remedy, the Bondholder shall be entitled to require the Bonds registered in its name to be redeemed at the Base Redemption Amount.

Mandatory redemption: The Bondholder may, at its sole discretion, at any time during the Redemption Notice Period, serve a written notice to the Company to require the Company to redeem all outstanding Bonds on the Maturity Date at the Base Redemption Amount. Such notice of mandatory redemption may only be issued once and shall be irrevocable once issued. All outstanding Conversion Rights of the Bondholder shall be extinguished immediately upon the issue of the notice of mandatory redemption.

- Event of default : If any of the events of default set out in the terms and conditions of the Bonds occurs and (if such event of default is capable of remedy) the relevant period for the Company to remedy such event of default expires, the Bondholder may give notice to the Company that the Bonds together with any amount payable by the Company pursuant to the terms of the Bonds will become immediately due and payable.
- Other undertakings : (a) the Company will notify the Bondholder in writing immediately upon having actual knowledge of the occurrence of any event of default; and
- (b) the Company shall at all times use its reasonable endeavours to ensure that the minimum public shareholding requirement of the Listing Rules is complied with.

Cash Settlement Option:

The Company has the option (the “**Cash Settlement Option**”) to, in lieu of the issue of Conversion Shares, make cash payment to the Bondholder to cover the portion of the Conversion Shares which the Company cannot issue (i) pursuant to the limitation of the general mandate granted by the Shareholders to issue Shares; or (ii) where the Company will be in breach of the minimum public float requirement under the Listing Rules should the Conversion Right be so exercised; or (iii) a Bondholder and parties acting in concert with it, taken together, will directly or indirectly, control or be interested in more than 30% or more of the entire issued share of the Company or such percentage as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer, whichever is lower.

In exercising the Cash Settlement Option, the amount of cash to be paid by the Company to the Bondholder shall be arrived at multiplying (a) the number of Conversion Shares otherwise deliverable (“**Non-issuable Conversion Shares**”) of which the Company has exercised the Cash Settlement Option; and (b) the Conversion Price (as adjusted in accordance with the provisions of the Instrument (if applicable)) of the Non-issuable Conversion Shares.

Conversion Price:

The initial Conversion Price of HK\$0.20 per Conversion Share, represents:

- (1) a premium of approximately 69.49% to the closing price of HK\$0.1180 per Share as quoted at 4:00 p.m. on the Stock Exchange on the Last Trading Day; and
- (2) a premium of approximately 66.94% to the average closing price of HK\$0.1198 per Share as quoted on the Stock Exchange for the last five trading days immediately to and including the Last Trading Day;

The Conversion Price was arrived at after arm’s length negotiations between the Company and the Subscriber with reference to the prevailing market prices of the Shares as shown above. The Directors consider that the Conversion Price and the terms and conditions of the Subscription Agreement are fair and reasonable based on the current market conditions and in the interests of the Company and Shareholders as a whole.

INFORMATION OF THE SUBSCRIBER

EAI Management Consultant Limited is a company incorporated in Hong Kong with limited liability. All the issued share capital of EAI Management Consultant Limited is legally and beneficially owned by Mr. Han Xue (韓雪).

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries and as at the date of this announcement, each of the Subscriber and Mr. Han Xue (韓雪) is an Independent Third Party.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 269,293,524 Shares in issue. The shareholding interests of the Company as at (i) the date of this announcement; (ii) immediately after the completion of the issue of the Conversion Shares assuming the Conversion Rights are exercised in full at the Conversion Price of HK\$0.20:

	As at the date of this announcement		Immediately after the completion of the issue of the Conversion Shares assuming the Conversion Rights are exercised in full at the Conversion Price of HK\$0.20	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Mr. Lok Wai Ming	77,558,353	28.80	77,558,353	25.08
Subscriber	–	–	40,000,000	12.93
Other Public Shareholders	191,735,171	71.20	191,735,171	61.99
Total	<u>269,293,524</u>	<u>100.00</u>	<u>309,293,524</u>	<u>100.00</u>

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

At the annual general meeting of the Company held on 31 December 2020, a resolution of the Shareholders was passed to grant to the Directors the General Mandate to, among other things, issue, allot and otherwise deal with new Shares not exceeding 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing such resolution. The Company is authorised to issue 53,858,704 Shares under the General Mandate.

As at the date of this announcement, the Company has not exercised the power to issue and allot any new Shares pursuant to such mandate prior to the Subscription. Upon the exercise of the Conversion Rights, the Conversion Shares will be issued and allotted pursuant to the General Mandate. Accordingly, the issuance of the Bonds and the Conversion Shares (upon conversion of the Bonds) is not subject to Shareholders' approval.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION AND USE OF NET PROCEEDS

The principal activity of the Company is investment holdings. The Group is principally engaged in the businesses of (i) e-commerce and provision of online sales platform; (ii) the franchise income arising from IP rights licensing, international IP development, media integrated marketing, and distribution agency and trading of sports and related products; and (iii) money-lending.

The Group has suffered a net loss of approximately HK\$15.69 million for the six months ended 31 December 2020, and the Group's current liabilities, totaling approximately HK\$135.35 million, exceeded its current assets by approximately HK\$51.27 million as at 31 December 2020. In addition, the Group's current business has been adversely affected by (i) the COVID-19 pandemic, (ii) the intensified market competition, and (iii) the escalating Sino-US trade conflict. Accordingly, the Group has been undertaking a number of measures, including seeking fund raising opportunities, to improve its liquidity and financial position. Hence, taking into account that the net proceeds of the Subscription in the sum of HK\$8 million will mainly be applied for the redemption of the existing bond, with any remaining amount being used as general working capital of the Group, the Directors considered that the Subscription will help reduce the Group's liabilities and improve its liquidity position. Further, the issue of the Bonds will not have an immediate dilution effect on the shareholding of the existing Shareholders. As a result of the foregoing, the Directors consider that the Subscription Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Subscriber and that the terms and conditions of the Subscription Agreement and the Bonds are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITY DURING THE PAST 12 MONTHS FROM THE DATE OF THE ANNOUNCEMENT

Date of announcements/ circular	Fund raising activity	Net proceeds raised (approximately)	Proposed use of the net proceeds	Actual use of net proceeds
9 October 2020, 23 October 2020, 4 November 2020 and 2 December 2020	Placing of 75,000,000 new Shares at the placing price of HK\$0.32 per Share under specific mandate granted by the Shareholders at the special general meeting of the Company held on 26 November 2019	HK\$22.86 million	Approximately HK\$22.86 million were used for the settlement of the convertible bonds issued in December 2017 or the Group's other debts and liabilities as they fall due.	Approximately HK\$22.86 million has been utilised for settlement of the principal and interest of the convertible bonds issued in December 2017.

Save as disclosed above, the Company has not conducted any other equity fund raising activities in the past 12 months immediately preceding the date of this announcement.

Shareholders and potential investors should note that completion of the Subscription is subject to fulfilment of the conditions under the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in Shares.

DEFINITIONS

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

“Base Redemption Amount” in respect of any principal amount of the outstanding Bonds and to be redeemed by the Company (other than in an early redemption due to the occurrence of Event of Default), an amount equal to the aggregate of:

- (1) 100% of the principal amount of the outstanding Bonds;
- (2) interest accrued and unpaid (including any interest accruing on overdue but unpaid amounts); and
- (3) any default interest accrued and outstanding to the Bondholders pursuant to the conditions of the Bonds;

“Board” the board of Directors of the Company;

“Bondholder(s)”	a person(s) who is(are) the registered holder(s) of a Bond;
“Bonds”	the convertible bonds in principal amount of HK\$8,000,000 issued or to be issued by the Company in accordance with the benefits of and subject to the terms of the Instrument;
“Business Day(s)”	a day(s) (excluding a Saturday, Sunday, public holiday, or days on which a typhoon signal No. 8 or above or “black rainstorm signal” is hoisted in Hong Kong at 9:00 a.m.) on which banks in Hong Kong are open for business throughout their normal business hours;
“Company”	Sino Vision Worldwide Holdings Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the issued shares of which are listed on the GEM (stock code: 8086);
“Completion”	completion of the Subscription in accordance with the terms of the Subscription Agreement;
“Completion Date”	the date of Completion;
“Conditions”	the conditions precedent to the Subscription, details of which are set out in the paragraph headed “Conditions precedent to the Subscription” of this announcement;
“Conversion Period”	the period from the Issue Date up to the Maturity Date (both days inclusive);
“Conversion Price”	the conversion price per Conversion Share and initially at HK\$0.20 per Conversion Share (subject to adjustments);
“Conversion Rights”	the rights of a Bondholder to convert the whole or part of the principal amount of any Bond into Shares subject to and in accordance with the terms and conditions thereof;
“Conversion Share(s)”	the Share(s) to be issued and allotted upon conversion of the Bonds;
“Director(s)”	the director(s) of the Company;
“GEM”	the GEM of the Stock Exchange;

“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 31 December 2020 to issue, allot and deal with up to 20% of the then issued share capital of the Company as at 31 December 2020;
“Group”	the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Party(ies)”	a person independent of the Company and its connected person (as defined in the Listing Rules);
“Instrument”	the deed poll constituting the Convertible Bonds to be executed by the Company;
“Issue Date”	the date of issuance of the Bonds;
“Last Trading Day”	1 September 2021, being the last trading day preceding the date of signing of the Subscription Agreement;
“Listing Rules”	the Rules Governing the Listing of Securities on the GEM;
“Maturity Date”	the first anniversary of the Issue Date (or if that is not a Business Day, the last Business Day there before);
“Redemption Notice Period”	the period commencing on the day which is 90 days before the Maturity Date and ending on the day which is 60 days before the Maturity Date;
“SFC”	the Hong Kong Securities and Futures Commission;
“Share(s)”	the ordinary shares of HK\$0.20 each in the share capital of the Company and if there is a sub division, consolidation or reclassification of those shares, the shares resulting from it;
“Shareholder(s)”	holder(s) of the Share(s) from time to time;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber”	EAI Management Consultant Limited (歐亞管理顧問有限公司), a company incorporated in Hong Kong with limited liability;

“Subscription”	the issue of the Bonds by the Company to the Subscriber in the aggregate principal amount of HK\$8,000,000 pursuant to the Subscription Agreement;
“Subscription Agreement”	the subscription agreement dated 1 September 2021 entered into between the Company and the Subscriber in relation to the Subscription;
“Takeovers Code”	The Hong Kong Codes on Takeovers and Share Buy-back;
“Transaction Documents”	collectively, the Subscription Agreement, the Instrument, the certificates of the Bonds (together with the terms and conditions) and any deeds, other agreements, instruments, certificates executed or entered into pursuant to or in connection with any of the foregoing; and
“%”	per cent.

For and on behalf of the Board
Sino Vision Worldwide Holdings Limited
Lo Pak Ho
Chairman

Hong Kong, 1 September 2021

As at the date of this announcement, the executive Directors are Mr. Lo Pak Ho, Mr. Bai Long and Mr. Huang Qing and the independent non-executive Directors are Ms. Liu Pui Shan, Mr. Chiam Tat Yiu and Ms. Xu Yilei.

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 <http://www.hkgem.com> for at least 7 days from the date of its publication and on the website of the Company at <http://www.sinovisionworldwide.com>.