

EXECUTION COPY

DATE: 11 November 2022

STATE INNOVATION HOLDINGS LIMITED

(as Company)

AND

ORIENT SECURITIES LIMITED

(as Placing Agent)

PLACING AGREEMENT
relating to the placing of up to
25,001,378 new shares in the share capital of
State Innovation Holdings Limited

THIS AGREEMENT is made on 11 November 2022

BETWEEN:

- (A) **STATE INNOVATION HOLDINGS LIMITED**, a company incorporated in the Cayman Islands with limited liability having its registered office at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and principal place of business in Hong Kong at Room 1204, 12/F., Block 2, Golden Industrial Building, 16-26 Kwai Tak Street, Kwai Chung, New Territories, Hong Kong (the “**Company**”); and
- (B) **ORIENT SECURITIES LIMITED**, a company incorporated in Hong Kong with limited liability whose registered office is situated at Unit B, 8/F., Hip Shing Hong Centre, 55 Des Voeux Road Central, Central, Hong Kong, a licenced corporation for Type 1 (Dealing in Securities), Type 4(Advising on Securities) and Type 9 (Asset Management) of the regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**Placing Agent**”).

WHEREAS:

- (A) As at the date of this Agreement, the Company has an authorised share capital of HK\$200,000,000 divided into 400,000,000 Shares (as defined hereinafter), of which 135,000,000 Shares have been issued and are fully paid up or credited as fully paid up. All the issued Shares are currently listed on GEM (as defined hereinafter).
- (B) At the annual general meeting of the Company held on 26 August 2022, an ordinary resolution of shareholders of the Company was passed pursuant to which a general mandate (the “**General Mandate**”) was unconditionally given to the directors of the Company to allot, issue and deal with new Shares not exceeding 20% of the aggregate number of the issued Shares as at the date of passing of the resolution, i.e. up to 27,000,000 new Shares. No new Shares have been issued under the General Mandate since its grant on 26 August 2022.
- (C) The Company proposes to offer for subscription and the Placing Agent has agreed to procure on a best effort basis not less than six (6) Placees (as defined hereinafter) to subscribe for the Placing Shares (as defined hereinafter) on and subject to the terms and condition set out in this Agreement. The Placing Shares are to be allotted and issued pursuant to the General Mandate.

IT IS HEREBY AGREED:

1. INTERPRETATION

- (A) In this Agreement, including the recitals and schedule hereto, unless the context otherwise requires:

“**acting in concert**” has the meaning as ascribed to it in the Codes on Takeovers and Mergers and Share Buy-backs of Hong Kong;

“**Agreement**” means this placing agreement as amended or varied from time to time by an agreement in writing duly executed and delivered by the parties hereto;

“**Announcement**” means an announcement in the form or substantially in the form of the draft annexed or contained in the Schedule proposed to be issued by the Company as soon as possible following the execution of this Agreement;

“**Business Day**” means a day (other than a Saturday, Sunday and public holiday) on which licensed banks in Hong Kong are open for business throughout their normal business hours;

“**CCASS**” means the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited;

“**Completion**” means completion of the Placing in accordance with the terms and condition set out in this Agreement;

“**Completion Date**” means a date falling within three (3) Business Days after the day on which all the conditions set out in Clause 3(A) have been fulfilled (or such other date as may be agreed between the parties hereto in writing);

“**GEM**” means GEM operated by the Stock Exchange;

“**GEM Listing Rules**” means the Rules Governing the Listing of Securities on GEM;

“**General Mandate**” has the meaning ascribed thereto in Recital (B);

“**Group**” means the Company and its subsidiaries and the expression “**member(s) of the Group**” shall be construed accordingly;

“**Hong Kong**” means the Hong Kong Special Administrative Region of the People’s Republic of China;

“**Placee(s)**” means any person or entity procured by the Placing Agent or its agent(s) to subscribe for any Placing Share;

“**Placing**” means the placing of the Placing Shares on and subject to the terms and condition set out in this Agreement;

“**Placing Price**” means HK\$0.27 per Placing Share (exclusive of any brokerage, SFC transaction levy and Stock Exchange trading fee as may be payable);

“**Placing Shares**” means a total of up to 25,001,378 new Shares to be placed pursuant to this Agreement;

“**SFC**” means the Securities and Futures Commission of Hong Kong;

“**Shares**” means the ordinary shares of HK\$0.5 each in the share capital of the Company;

“**Shareholder(s)**” means holder(s) of the Shares;

“**Stock Exchange**” means The Stock Exchange of Hong Kong Limited;

“**subsidiary(ies)**” has the meaning ascribed thereto it in section 15 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong); and

“**HK\$**” means Hong Kong dollars, the lawful currency of Hong Kong.

- (B) In this Agreement, references herein to ‘**Recitals**’, ‘**Clauses**’ and the ‘**Schedule**’ are to the recitals and clauses of and the schedule to this Agreement.
- (C) In this Agreement, the singular includes the plural and vice versa, words importing gender or the neuter include both genders and the neuter and references to persons include bodies corporate or unincorporate.
- (D) Headings inserted are for convenience only and shall not affect the interpretation of this Agreement.

2. PLACING

- (A) Upon and subject to the terms and conditions set out in this Agreement, the Placing Agent agrees, as agent of the Company, to procure on a best effort basis not less than six (6) Placees to subscribe for the Placing Shares at the Placing Price. The Placing Agent may carry out the Placing itself and/or through such other agents as the Placing Agent may agree with the Company. The Placing Agent shall procure that such other agents shall comply with all relevant obligations to which the Placing Agent is subject under the terms of this Agreement.
- (B) The Company hereby appoints the Placing Agent as its agent to procure on a best effort basis not less than six (6) Placees to subscribe for the Placing Shares on and subject to the terms and condition set out in this Agreement. Any transaction properly carried out by the Placing Agent pursuant to this Agreement shall constitute a transaction carried out by the Placing Agent at the request of the Company and as its agent and not on account of or for the Placing Agent. The Placing Agent shall not be responsible for any loss or damage (except for any loss or damage which is caused, directly or indirectly, by fraud, wilful default or negligence on the part of the Placing Agent, or any sub-agent appointed by the Placing Agent pursuant to Clause 2(A)) to the Company arising directly or indirectly from any such transaction (other than as a result of non-compliance by the Placing Agent with its obligations under this Agreement).
- (C) The Company hereby confirms that the foregoing appointment confers on the Placing Agent all powers, authorities and discretion on its behalf which are necessary for, or incidental to, the Placing and hereby agrees to ratify and

confirm any act which the Placing Agent shall or may lawfully and reasonably do or have done pursuant to or in anticipation of the terms and condition of this Agreement subject to the provisions contained herein.

- (D) The Company shall allot and issue the Placing Shares in accordance with the memorandum of association and bye-laws of the Company, all applicable laws of Hong Kong and Bermuda and the rules and regulations of the Stock Exchange, and the Placing Shares shall rank *pari passu* in all respects among themselves and with the existing Shares in issue and be free from all liens, charges, encumbrances and third-party rights together with all rights attaching thereto as at the Completion Date, including but not limited to the rights to receive all future dividends and other distributions thereafter declared, made or paid.
- (E) By no later than 5:00 p.m. on two Business Days prior to the Completion Date (or such later date as may be agreed between the parties hereto in writing), the Placing Agent shall deliver to the Company the names, addresses and denominations (in board lots or otherwise) in which the Placing Shares are to be registered and, where relevant, the CCASS accounts to which the Placing Shares are to be credited. The choice of the Placees shall be determined by the Placing Agent at its sole discretion subject to the requirements of the GEM Listing Rules and/or any objection the Stock Exchange may have to any particular person or company being a Placee PROVIDED that the Placing Agent undertakes to use its best endeavours to procure that the Placing Shares shall only be placed to such persons or companies whose themselves and their respective ultimate beneficial owners (if applicable) are third parties independent of, and not connected with or acting in concert with, the Company, its connected persons (as defined under the GEM Listing Rules) and their respective associates (as defined under the GEM Listing Rules).

3. CONDITIONS

- (A) The Placing is conditional upon the fulfillment of the following conditions:
 - (i) the GEM Listing Committee of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Placing Shares; and
 - (ii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of this Agreement and the transactions contemplated hereunder having been obtained.
- (B) The Company shall use its reasonable endeavours to procure the fulfillment of the condition referred to in Clause 3(A)(i). The parties shall use their respective reasonable endeavours to procure the fulfillment of the condition referred to in Clause 3(A)(ii). In the event any of the conditions referred to in Clause 3(A) is not fulfilled on or before 31 December 2022 (or such other date as may be agreed between the parties hereto in writing), all rights, obligations and liabilities of the parties hereto shall cease and terminate and neither of the parties shall have any claim against the other save for any antecedent breach under this Agreement prior to such termination.

4. REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

- (A) The Company hereby represents, warrants and undertakes to the Placing Agent that:
- (i) the Placing Shares shall be allotted and issued in accordance with the memorandum of association and bye-laws of the Company, all applicable laws of Hong Kong and Bermuda and the rules and regulations of the Stock Exchange, and the Placing Shares shall rank *pari passu* in all respects among themselves and with the existing Shares in issue and be free from all liens, charges, encumbrances and third-party rights together with all rights attaching thereto as at the Completion Date, including but not limited to the rights to receive all future dividends and other distributions thereafter declared, made or paid;
 - (ii) subject to the fulfillment of the conditions referred to in Clause 3(A), the Company has full power and authority to issue the Placing Shares and has obtained all the relevant approval(s), consent(s) and license(s) required (if any) for the allotment and issue of the Placing Shares; and
 - (iii) the Company has the power to enter into this Agreement and this Agreement has been duly authorised and executed by, and constitutes legal, valid and binding obligations of the Company which shall be enforceable against the Company in accordance with its terms and condition.
- (B) The Placing Agent hereby represents, warrants and undertakes to the Company that:
- (i) it has power to enter into this Agreement and this Agreement has been duly authorised and executed by, and constitutes legal, valid and binding obligations of the Placing Agent which shall be enforceable against the Placing Agent in accordance with its terms and condition;
 - (ii) the Placing Agent will procure not less than six (6) Placees to subscribe for the Placing Shares at the Placing Price on and subject to the terms and condition set out in this Agreement;
 - (iii) in each jurisdiction in which the Placing Agent solicits subscription for the Placing Shares the Placing Agent will do so in accordance with all applicable laws, rules and regulations in force in such jurisdiction. The Placing Shares shall not be offered to or placed in circumstances which would constitute an offer to the public in Hong Kong within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) or in any other place or in any manner in which the securities laws, rules or regulations of any place may be infringed or not complied with;

- (iv) no action has been or will be taken directly or indirectly in any jurisdiction that would result in a public offering of the Placing Shares and neither it nor persons acting on its behalf will offer or sell any Placing Shares otherwise than in compliance with applicable laws and regulations in each jurisdiction in which any such offer or sale takes place, and without prejudice to the generality of the foregoing, as the Placing Shares have not been and will not be registered under the Securities Act of the United States (the “**Securities Act**”), they may not be offered, sold, transferred and delivered within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, and accordingly the Placing Shares have not been and will not be offered or sold to a buyer in the United States, except to those persons it reasonably believes to be qualified institutional buyers (as defined in Rule 144A under the Securities Act). Neither it nor any person acting on its behalf has engaged or will engage in any directed selling efforts in the United States (as defined in Regulation S under the Securities Act) or any form general solicitation or general advertising (each as used in Rule 5.02(c) of Regulation D under the Securities Act) with respect to the Placing Shares;
 - (v) the Placing Agent will use its best endeavours and make all reasonable enquiries to ensure that the Placees and their respective ultimate beneficial owners (if applicable) will be third parties independent of, and not connected with or acting in concert with, the Company, its connected persons (as defined under the GEM Listing Rules) and their respective associates (as defined under the GEM Listing Rules);
 - (vi) the Placing Agent will use its best endeavours and make all reasonable enquiries to ensure that none of the Placees will, immediately upon the Completion, become a substantial shareholder (as defined under the GEM Listing Rules) of the Company;
 - (vii) the Placing Agent will make available and promptly supply, or use its best endeavours to procure the relevant Placees to make available and promptly supply, to the Stock Exchange and the SFC or any other relevant authority all information in relation to the Placees which may be required by the Stock Exchange, the SFC and/or such other authority; and
 - (viii) the Placing Agent will ensure the fulfillment and compliance of all applicable rules and regulations of the Stock Exchange and if applicable, the rules and codes of the SFC in relation to its role as placing agent for the Placing, and will issue appropriate written confirmation of such fulfillment and compliance upon request by the Company and/or the relevant authority.
- (C) Each party to this Agreement undertakes that, save for the Announcement and any other disclosure as may be required to be made in compliance with the GEM Listing Rules or any other applicable laws, rules and regulations and/or as may

be required by the relevant authority, no announcements, press releases or other general public disclosure in relation to the Placing shall be made by any of them without the prior written consent of the other party (such consent shall not be unreasonably withheld or delayed).

- (D) The representations, warranties and undertakings contained in this Clause are deemed to be given as at the date of this Agreement and shall be deemed to be repeated on the Completion Date as if given on such date with reference in each case to the facts and circumstances then subsisting and shall remain in full force and effect notwithstanding Completion. Each party hereto hereby undertakes to notify the other party to this Agreement of any matter or event coming to its attention which may render any of the representations, warranties or undertakings untrue or inaccurate or misleading in any material respect at any time prior to the Completion Date.

5. COMPLETION

Completion of this Agreement shall take place at 4:00 p.m. on the Completion Date at the principal office of the Company in Hong Kong (or such other date, time and/or place as the parties hereto may agree in writing) when all (but, not part only) of the following businesses shall be transacted:

- (i) the Placing Agent shall effect payment to the Company by way of cheque or cashier order or telegraphic transfer in Hong Kong dollars for value to the Company of an amount equal to the Placing Price multiplied by the number of the Placing Shares actually placed by the Placing Agent less the amounts deducted by the Placing Agent under Clause 6;
- (ii) the Company shall allot and issue to the Placees such number of the Placing Shares subscribed by them and shall procure that the Placees or their nominees be registered on the branch register of members of the Company in Hong Kong in respect thereof; and
- (iii) the Company shall arrange to deliver to the Placing Agent upon Completion the definitive share certificates in the form of jumbo certificate or in such denomination as the Placing Agent may instruct pursuant to Clause 2(E) issued in the names of the Placees or their nominees in respect of such number of Placing Shares to be subscribed by each of them respectively and in accordance with such instructions referred to above or arrange for the Placing Shares to be deposited into CCASS in accordance with such instructions.

6. COMMISSIONS AND EXPENSES

- (A) Subject to completion of the Placing, the Company shall pay to the Placing Agent a placing commission in Hong Kong dollars, of 3.5% of the amount which is equal to the Placing Price multiplied by the number of the Placing Shares actually placed by the Placing Agent, and the Placing Agent is hereby

authorised to deduct from the payment to be made by it to the Company at Completion pursuant to Clause 5(i).

- (B) Subject to Clause 6(C), the Company shall pay all out-of-pocket expenses properly and reasonably incurred by the Placing Agent in connection with the Placing.
- (C) Each of the parties hereto shall be respectively liable for its own legal and other professional fees and expenses in connection with the preparation of this Agreement.

7. TERMINATION

- (A) Notwithstanding anything contained in this Agreement, the Placing Agent may terminate this Agreement without any liability to the Company save for antecedent breach under this Agreement prior to such termination, by notice in writing given to the Company at any time prior to 8:00 a.m. on the Completion Date upon the occurrence of the following events which, in the absolute opinion of the Placing Agent, has or may have an adverse effect on the business or financial conditions or prospects of the Company or the Group taken as a whole or the success of the Placing or the full placement of all of the Placing Shares or has or may otherwise make it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in this Agreement if there develops, occurs or comes into force:
 - (i) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of this Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent's absolute opinion would adversely affect the success of the Placing; or
 - (ii) the imposition of any moratorium, suspension (for more than seven (7) trading days) or restriction on trading in the securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent's absolute opinion, would adversely affect the success of the Placing; or
 - (iii) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agent's absolute opinion any such new law or change may adversely affect the business or financial prospects of the Group and/or the success of the Placing; or

- (iv) any litigation or claim being instigated against any member of the Group, which has or may have an adverse effect on the business or financial position of the Group and which in the Placing Agent's absolute opinion would adversely affect the success of the Placing; or
 - (v) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or
 - (vi) any breach of any of the representations and warranties set out in Clause 4(A) comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of this Agreement and prior to the Completion Date which if had occurred or arisen before the date of this Agreement would have rendered any of such representations and warranties untrue or incorrect or there has been a breach by the Company of any other provision of this Agreement; or
 - (vii) there is any material change (whether or not forming part of a series of changes) in market conditions which in the absolute opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.
- (B) If notice is given pursuant to Clause 7(A), this Agreement shall terminate and be of no further effect and neither party shall be under any liability to the other party in respect of this Agreement save for any antecedent breach under this Agreement prior to such termination.

8. MISCELLANEOUS

- (A) All provisions of this Agreement shall so far as they are capable of being performed or observed continue in full force and effect notwithstanding Completion except in respect of those matters which have already been performed.
- (B) This Agreement may be executed in two or more counterparts each of which shall be binding on the parties hereto and shall together constitute one agreement.
- (C) This Agreement shall be binding on and endure for the benefit of the successors of the parties hereto but assignment may only be made after prior written consent of the other party has been given.

9. NOTICE

- (A) All notices delivered hereunder shall be in writing and shall be communicated to the following addresses:

If to the Company, to:

Address : Room 1204, 12/F., Block 2, Golden Industrial Building,
16-26 Kwai Tak Street, Kwai Chung, New Territories,
Hong Kong

Facsimile : (852) 2776 9578
Attention : The Board of Directors

If to the Placing Agent to:

Address : Unit B, 8/F., Hip Shing Hong Centre, 55 Des Voeux
Road Central, Central, Hong Kong
Facsimile : (852) 2180 9292
Attention : Mr Lau Wai Man

- (B) Any such notice shall take effect in the case of delivery by hand upon delivery; in the case of despatch by local mail 24 hours after posting; and in the case of facsimile, on production of a transmission report by the machine from which the facsimile was sent which indicates that the facsimile was sent in its entirety to the facsimile number of the recipient.

10. TIME OF ESSENCE

Time shall be of the essence of this Agreement.

11. GOVERNING LAW AND JURISDICTION

- (A) This Agreement is governed by and shall be construed in accordance with the laws of Hong Kong.
- (B) The parties hereto irrevocably submit to the non-exclusive jurisdiction of the courts of Hong Kong.
- (C) Notwithstanding any other provisions of this Agreement, a person who is not a party to this Agreement shall not have any rights under the Contracts (Rights of Third Parties) Ordinance (Chapter 623 of the Laws of Hong Kong) to enforce any provisions of this Agreement.

Schedule
Announcement

IN WITNESS whereof this Agreement has been executed on the day and year first above written.

THE COMPANY

SIGNED by)
)
for and on behalf of)
)
STATE INNOVATION HOLDINGS)
LIMITED)
)
in the presence of:-)

THE PLACING AGENT

SIGNED by *LEE NGA CHING*)
)
for and on behalf of)
ORIENT SECURITIES LIMITED)
)
in the presence of :-)

(Handwritten signature in blue ink)
