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## **Century Energy International Holdings Limited**

**百能國際能源控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8132)**

### **(1) CONNECTED TRANSACTION IN RELATION TO LOAN CAPITALISATION; AND (2) PROPOSED ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE**

#### **THE LOAN CAPITALISATION**

On 2 December 2022 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreement with Mr. Cheung Yip Sang (“**Mr. Cheung**”), an executive Director of the Company, pursuant to which the Company has conditionally agreed to allot and issue, and Mr. Cheung has conditionally agreed to subscribe for, the Subscription Shares at the Subscription Price of HK\$0.15 per Subscription Share for a consideration of HK\$24,150,000. The subscription amount payable by Mr. Cheung under the Subscription Agreement shall be satisfied by capitalising part of the Indebted Amount.

The Subscription Shares represent: (i) approximately 6.35% of the issued Shares as at the date of this announcement; and (ii) approximately 5.98% of the issued Shares as enlarged by the allotment and issue of the Subscription Shares.

#### **ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE**

The Subscription Shares will be issued by the Company under the Specific Mandate. The Company will seek the grant of the Specific Mandate from the Independent Shareholders at the EGM. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

#### **GEM LISTING RULES IMPLICATIONS**

Mr. Cheung is an executive Director and therefore, Mr. Cheung is a connected person of the Company. Accordingly, the Loan Capitalisation constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules, and is subject to reporting, announcement, circular and the Independent Shareholders’ approval requirements.

Given that Mr. Cheung has a material interest in the Loan Capitalisation, Mr. Cheung, BAINENG Holdings and their respective associates are therefore required to abstain from voting on the relevant resolution(s) to be proposed at the EGM to approve the Subscription Agreement and the transactions contemplated thereunder. Mr. Cheung, being the executive Director, had abstained from voting on the Board resolution(s) for approving the Subscription Agreement and the transactions contemplated thereunder (including the allotment and issue of the Subscription Shares under the Specific Mandate).

The Independent Board Committee has been established to advise the Independent Shareholders (taking into account the recommendation of the Independent Financial Adviser) as to whether the terms of the Subscription Agreement and the transactions contemplated thereunder are: (i) fair and reasonable; (ii) on normal commercial terms or better and in the ordinary and usual course of business of the Group; and (iii) in the interests of the Company and its Shareholders as a whole, and how to vote on the Subscription Agreement and the transactions contemplated thereunder. Octal Capital Limited has been appointed by the Company with the approval of the Independent Board Committee as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

## **GENERAL**

The EGM will be convened and held for the purpose of considering and, if thought fit, approving the Subscription Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate for the allotment and issue of the Subscription Shares.

Any Shareholder who is interested in the Loan Capitalisation shall abstain from voting on the resolution(s) to approve the Subscription Agreement and the transactions contemplated thereunder at the EGM. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, as at the date of this announcement, save for BAINENG Holdings, no Shareholder is interested in the Loan Capitalisation and will be required to abstain from voting on the resolution(s) to approve the Subscription Agreement and the transactions contemplated thereunder at the EGM.

A circular containing, among others, (i) further details of the Subscription Agreement and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of the Loan Capitalisation; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Loan Capitalisation; and (iv) a notice convening the EGM, are expected to be despatched to the Shareholders on or before 23 December 2022.

**Completion of the Loan Capitalisation is subject to fulfilment of the conditions under the Subscription Agreement as set out in the paragraphs headed "Conditions" in the section headed "The Subscription Agreement" in this announcement. Accordingly, the Loan Capitalisation may or may not proceed, and if proceeds, may proceed in whole or in part. Shareholders and potential investors should therefore exercise caution when dealing in the Shares.**

## **THE LOAN**

Pursuant to the Loan Agreement, Mr. Cheung has provided the Loan to the Company with an interest rate of 15% per annum to support the Company's business and daily operation. As at 2 December 2022, the Indebted Amount owed by the Company to Mr. Cheung under the Loan Agreement is approximately HK\$25.38 million.

## **THE SUBSCRIPTION AGREEMENT**

Date: 2 December 2022 (after trading hours of the Stock Exchange)

Parties: (i) the Company (as issuer); and

(ii) Mr. Cheung (as subscriber)

Pursuant to the Subscription Agreement, the Company has conditionally agreed to allot and issue, and Mr. Cheung has conditionally agreed to subscribe for, the Subscription Shares at the Subscription Price. The consideration payable by Mr. Cheung under the Subscription Agreement shall be satisfied by capitalising part of the Indebted Amount in the sum of the consideration of the Subscription Shares of HK\$24,150,000.

### **Subscription Price**

The Subscription Price represents:

- (i) a premium of approximately 7.1% over the closing price of HK\$0.14 per Share as quoted on the Stock Exchange on the date of this announcement; and
- (ii) the average of the closing prices of HK\$0.15 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately preceding the date of this announcement (excluding the date of this announcement).

The Subscription Shares have an aggregate nominal value of HK\$644,000.

### **Subscription Shares**

The Subscription Shares represent:

- (i) approximately 6.35% of the issued Shares of the Company as at the date of this announcement; and
- (ii) approximately 5.98% of the issued Shares as enlarged by the allotment and issue of the Subscription Shares.

## **Ranking of the Subscription Shares**

The Subscription Shares when allotted and issued, shall rank *pari passu* in all respects with the Shares in issue on the date of their allotment and issue.

## **Conditions**

Completion is conditional upon:

- (i) the passing of the resolutions by the Independent Shareholders in accordance with requirements under the GEM Listing Rules, the applicable laws of the Cayman Islands and the articles of association of the Company at the EGM to approve the Company to enter into and perform the Subscription Agreement, and the transactions contemplated under the Subscription Agreement, and the Specific Mandate to allot and issue the Subscription Shares;
- (ii) all necessary consents, licenses and approvals required by the Company in connection with the Subscription Agreement and the transactions contemplated thereunder having been obtained and remain in full force and effect;
- (iii) all necessary consents, licenses and approvals required by Mr. Cheung in connection with the Subscription Agreement and the transactions contemplated thereunder having been obtained and remain in full force and effect;
- (iv) the representations and warranties made by the Company under the Subscription Agreement remain accurate, true and complete with in all material respects; and
- (v) the GEM Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the relevant Subscription Shares, and such permission and listing not subsequently being revoked.

Mr. Cheung may at any time waive the conditions (iv) by written notice to the Company. The Conditions set out above under (i), (ii), (iii) and (v) are not waivable.

In the event that the above conditions are not fulfilled (or waived by the relevant party as the case may be) on or before the Long Stop Date, then the rights, obligations and responsibilities of the Company and Mr. Cheung in relation to the Subscription of the Subscription Shares shall terminate with immediate effect and none of the parties of the Subscription Agreement shall have any claim against the other, save for any antecedent breach or rights and obligations that may arise under the Subscription Agreement before its termination.

## **Completion**

Subject the fulfilment of the conditions above, the Completion shall take on the Completion Date.

## **INFORMATION ON THE COMPANY AND THE SUBSCRIBER**

The principal activity of the Company is investment holding. The Group is principally engaged in (i) trading of refined oil and chemicals business; and (ii) power and data cords business, in the United States and the PRC.

Mr. Cheung is an executive Director and the chief executive officer of the Company. Mr. Cheung also serves as the director of certain subsidiaries of the Company.

As at the date of this announcement, BAINENG Holdings holds 1,501,078,281 Shares, representing approximately 59.25% of the issued Shares. Ms. Zhou Jing, the spouse of Mr. Cheung, holds approximately 29.68% of the issued shares of BAINENG Holdings.

## **REASONS FOR THE LOAN CAPITALISATION**

As disclosed in the interim report of the Company for the six months ended 30 September 2022, the Company recorded a total liability and net assets of approximately HK\$134,089,000 and approximately HK\$8,176,000, respectively. As at 2 December 2022, the Indebted Amount owed by the Company to Mr. Cheung was approximately HK\$25.38 million. As the interest rate of the Loan is 15% per annum, the annual financial costs of the Loan is approximately HK\$3.7 million. Upon Completion, the Company shall save interest expenses of approximately HK\$3.6 million for the following year immediately after the Completion, and improve the Company's net asset position by approximately HK\$24.15 million, which will help to alleviate the loss making position of the Company and strengthen the Company's financial position.

In addition, the Loan will mature on 24 October 2023. The Company's bank balances and cash of approximately HK\$35,783,000 as at 30 September 2022 may be marginally sufficient to meet the repayment obligations in respect of the Loan on or before the maturity date with the existing financial resources of the Company. However, the Company may encounter potential liquidity problem if a significant portion of the Company's bank balances and cash will be used up in order to repay the Loan to Mr. Cheung at maturity.

As such, the Directors consider the Loan Capitalisation will: (i) ease the repayment pressure of the Loan and reduce the finance cost burden on the Group; (ii) lower the gearing ratio of the Group; (iii) retain the cash flow of the Group for its future business development; and (iv) strengthen the financial position and capital structure of the Group.

Further, the Directors have also considered the Subscription Price is at a premium of approximately 7.1% over the closing price of HK\$0.14 per Share as quoted on the Stock Exchange on the date of this announcement and at the average closing price of HK\$0.15 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately preceding the date of this announcement (excluding the date of this announcement). Accordingly, the issuance of the Subscription Shares would not cause any dilution in value of the Shares held by the Shareholders.

The Directors have considered alternative means for raising funds to settle the Indebted Amount, such as bank borrowings, share placement, rights issue or open offer. However, having taken into account that (i) debt financing and bank borrowings will generally require pledge of assets by the borrower; (ii) the capitalisation of part of the Indebted Amount under the Loan Capitalisation will reduce the gearing ratio of the Group; and (iii) other equity financing such as placing of Shares, rights issue and open offer usually require attractive discount to the current market price of the Shares and are relatively more time consuming and less cost effective as compared with the share subscription, the Directors consider that the Loan Capitalisation is the most feasible and desirable solution for the Group to settle part of the Indebted Amount.

Although the allotment and issue of the Subscription Shares will have a dilution effect to the shareholding of the existing Shareholders, having considered (i) the Subscription Price represents a premium over the market price of the Shares as of the date of the Subscription Agreement; (ii) the Company can be released from the pressure to satisfy a substantial portion of the Indebted Amount; and (iii) the Subscription Shares, when allotted and issued, will be recognised entirely as equity of the Company which in turn will reduce the gearing ratio, enlarge the capital base and enhance the net asset position of the Company, the Directors are therefore of the view that the dilution effect arising from the allotment and issue of the Subscription Shares is justifiable in this regard.

In view of the above, the Directors (other than the independent non-executive Directors who shall provide their views after considering the advice from the Independent Financial Adviser) consider that the terms of the Subscription Agreement are fair and reasonable and on normal commercial terms or better and the entering into of the Subscription Agreement is in the interests of the Company and the Shareholders as a whole. Mr. Cheung, being the executive Director, had abstained from voting on the Board resolution(s) for approving the Subscription Agreement and the transactions contemplated thereunder (including the allotment and issue of the Subscription Shares under the Specific Mandate).

#### **SPECIFIC MANDATE**

The Subscription Shares will be allotted and issued under the Specific Mandate proposed to be sought from the Independent Shareholders at the EGM.

#### **APPLICATION FOR LISTING**

An application will be made by the Company to the GEM Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Subscription Shares.

#### **EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Company has not carried out any equity fund raising activity in the 12-month period immediately preceding the date of this announcement.

## EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Below sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after Completion, assuming that there is no other change in the Shares in issue between the date of this announcement and the Completion:

	As at the date of this announcement		Immediately after the Completion	
	Number of Shares	%	Number of Shares	%
<b>Director</b>				
Mr. Cheung	—	—	161,000,000	5.98%
<b>Substantial Shareholders</b>				
BAINENG Holdings ( <i>Note 1</i> )	1,501,078,281	59.25%	1,501,078,281	55.71%
Richmax Investment (H.K.) Limited ( <i>Note 2</i> )	326,247,014	12.88%	326,247,014	12.11%
New Origins International Limited ( <i>Note 3</i> )	<u>32,313,795</u>	<u>1.28%</u>	<u>32,313,795</u>	<u>1.20%</u>
<b>Sub-total</b>	1,859,639,090	73.40%	2,020,639,090	74.99%
Public Shareholders	673,826,363	26.60%	673,826,363	25.01%
<b>Total</b>	<u>2,533,465,453</u>	<u>100.00%</u>	<u>2,694,465,453</u>	<u>100.00%</u>

### Notes:

1. BAINENG Holdings is beneficially owned as to approximately 33.40% by Mr. Sun Jiusheng, approximately 29.68% by Ms. Zhou Jing, being the spouse of Mr. Cheung, approximately 26.31% by Mr. Zhang Chao and approximately 10.61% by Mr. Leung Wing Cheong Eric.
2. Richmax Investment (H.K.) Limited is beneficially owned as to approximately 46.67% by Mr. Chu David, approximately 40% by Mr. Cheung Yuen Chau, approximately 6.67% by Ms. Tsang Siu Lan and approximately 6.66% by Ms. Ip Tsang Katherine Man Tung.
3. New Origins International Limited is beneficially wholly owned by Ms. To Sau Man.

## GEM LISTING RULES IMPLICATIONS

Mr. Cheung is an executive Director and therefore, Mr. Cheung is a connected person of the Company. Accordingly, the Loan Capitalisation constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules, and is subject to reporting, announcement, circular and the Independent Shareholders' approval requirements.

Given that Mr. Cheung has a material interest in the Loan Capitalisation, Mr. Cheung, BAINENG Holdings and their respective associates are therefore required to abstain from voting on the relevant resolution(s) to be proposed at the EGM to approve the Subscription Agreement and the transactions contemplated thereunder (including the allotment and issue of the Subscription Shares under the Specific Mandate). Mr. Cheung, being the executive

Director, had abstained from voting on the Board resolution(s) for approving the Subscription Agreement and the transactions contemplated thereunder (including the allotment and issue of the Subscription shares under the Specific Mandate).

The Independent Board Committee has been established to advise the Independent Shareholders (taking into account the recommendation of the Independent Financial Adviser) as to whether the terms of the Subscription Agreement and the transactions contemplated thereunder are: (i) fair and reasonable; (ii) on normal commercial terms or better and in the ordinary and usual course of business of the Group; and (iii) in the interests of the Company and its Shareholders as a whole, and how to vote on the Subscription Agreement and the transactions contemplated thereunder. Octal Capital Limited has been appointed by the Company with the approval of the Independent Board Committee as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

## **GENERAL**

The EGM will be convened and held for the purpose of considering and, if thought fit, approving the Subscription Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate for the allotment and issue of the Subscription Shares.

Any Shareholder who is interested in the Loan Capitalisation shall abstain from voting on the resolution(s) to approve the Subscription Agreement and the transactions contemplated thereunder at the EGM. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, as at the date of this announcement, save for BAINENG Holdings, no Shareholder is interested in the Loan Capitalisation and will be required to abstain from voting on the resolution(s) to approve the Subscription Agreement and the transactions contemplated thereunder at the EGM.

A circular containing, among others, (i) further details of the Subscription Agreement and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee containing its opinion and recommendations to the Independent Shareholders in respect of the Loan Capitalisation; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Loan Capitalisation; and (iv) a notice convening the EGM, are expected to be despatched to the Shareholders on or before 23 December 2022.

**Completion of the Loan Capitalisation is subject to fulfilment of the conditions under the Subscription Agreement as set out in the paragraphs headed "Conditions" in the section headed "The Subscription Agreement" in this announcement. Accordingly, the Loan Capitalisation may or may not proceed, and if proceeds, may proceed in whole or in part. Shareholders and potential investors should therefore exercise caution when dealing in the Shares.**



## DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions shall have the following meanings.

“BAINENG Holdings”	BAINENG Holdings Limited, a controlling Shareholder
“Board”	the board of Directors
“Business Day(s)”	any day (excluding a Saturday, Sunday, public holiday and any day on which a tropical cyclone warning no.8 or above or a “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	Century Energy International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM (stock code: 8132)
“Completion”	the completion of the subscription of the Subscription Shares in accordance with the terms and conditions of the Subscription Agreement
“Completion Date”	the third (3rd) Business Days after the date upon which all conditions in the Subscription Agreement has been fulfilled (or otherwise waived) (or such other date as the Company and Mr. Cheung may agree in writing)
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held to consider and, if thought fit, to approve the Subscription Agreement, the Specific Mandate and the transactions contemplated under the Subscription Agreement in accordance with the GEM Listing Rules
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Committee”	has the meaning ascribed to it under the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China

“Indebted Amount”	all amount owing by the Company to Mr. Cheung under the Loan Agreement in the aggregate sum of approximately HK\$25.38 million, comprising an outstanding principal amount of the Loan of approximately HK\$25 million and accrued interest up to 2 December 2022 of approximately HK\$0.38 million
“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors, formed for the purpose of advising the Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder
“Independent Financial Adviser” or “Octal Capital Limited”	Octal Capital Limited, a licensed corporation under the Securities and Futures Commission to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscription Agreement and the transactions contemplated thereunder
“Independent Shareholder(s)”	Shareholders (other than Mr. Cheung, BAINENG Holdings and their respective associates) who are not prohibited under the GEM Listing Rules from voting at the EGM to approve the Subscription Agreement and the transactions contemplated thereunder
“Loan”	the unsecured loan in the principal amount of approximately HK\$25 million advanced by Mr. Cheung to the Company in accordance with the terms and conditions of the Loan Agreement
“Loan Agreement”	the agreement dated 25 October 2022 entered into between the Company as the borrower and Mr. Cheung as the lender in relation to the Loan
“Loan Capitalisation”	the subscription of the Subscription Shares by Mr. Cheung by capitalising part of the Indebted Amount
“Long Stop Date”	2 June 2023, being a date falling on the 6th month after the date of the execution of the Subscription Agreement or such later date as may be agreed between the Company and Mr. Cheung in writing
“Mr. Cheung”	Mr. Cheung Yip Sang, an executive Director
“PRC”	the People’s Republic of China and for the purpose of this announcement only, exclude Hong Kong, Macau Special Administrative Region and Taiwan

“Share(s)”	ordinary share(s) of HK\$0.004 each of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Specific Mandate”	the specific mandate proposed to be granted by the Independent Shareholders to the Board to allot and issue the Subscription Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the subscription agreement dated 2 December 2022 entered into between the Company and Mr. Cheung in relation to the Loan Capitalisation
“Subscription Price”	the subscription price of HK\$0.15 per Subscription Share under the Subscription Agreement
“Subscription Share(s)”	161,000,000 new Shares to be allotted and issued by the Company to Mr. Cheung under the Subscription Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board  
**Century Energy International Holdings Limited**  
**Leung Wing Cheong Eric**  
*Chairman*

Hong Kong, 2 December 2022

*As at the date of this announcement, the executive Directors are Mr. Cheung Yip Sang, Mr. Sun Jiusheng, Mr. Ma Shenyan, Mr. Li Dewen and Mr. Yeung Shing Wai; the non-executive Director is Mr. Leung Wing Cheong Eric; and the independent non-executive Directors are Mr. Lim Haw Kuang, Mr. Lui Ho Ming Paul and Mr. Chu Kin Ming.*

*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 website of The Stock Exchange of Hong Kong Limited at [www.hkexnews.hk](http://www.hkexnews.hk) on the “Latest Listed Company Information” page for at least 7 days from the date of its posting and on the website of the Company at [www.chinaoilgangrans.com](http://www.chinaoilgangrans.com).*