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## **GREATWALLE INC.**

**長城匯理公司**

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

**(Stock Code: 8315)**

### **PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) SHARES HELD ON THE RECORD DATE**

#### **PROPOSED RIGHTS ISSUE**

The Company proposes to raise up to approximately HK\$41.5 million before expenses by way of a rights issue of 414,554,218 Rights Shares at the Subscription Price of HK\$0.10 each and on the basis of one (1) Rights Share for every two (2) Shares held by the Qualifying Shareholders on the Record Date (assuming no change in the number of Shares in issue on or before the Record Date)/up to approximately HK\$43.6 million before expenses by way of a rights issue of 436,308,052 Rights Shares at the Subscription Price of HK\$0.10 each and on the basis of one (1) Rights Share for every two (2) Shares held by the Qualifying Shareholders on the Record Date (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of the outstanding Share Options). The Rights Issue will not be extended to the Excluded Shareholder(s) (if any).

The estimated net proceeds of the Rights Issue, if fully subscribed, will be up to approximately HK\$40.5 million (assuming no change in the number of Shares in issue on or before the Record Date)/approximately HK\$42.6 million (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of the outstanding Share Options).

The Company currently intends to use the net proceeds from the Rights Issue for (i) developing the provision of business advisory and management services of the Group; (ii) strengthening the ongoing operations of the Group's security guarding business and to ensure the quality of the Group's security guarding services; and (iii) the Group's general working capital. The use of net proceeds may be adjusted based upon the development of the Group's business and its needs. Details of the use of the net proceeds are set out in the section headed "Reasons for the Rights Issue and the use of proceeds" in this announcement.

**Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares.**

**In the event that there is an under-subscription of the Rights Issue, the size of the Rights Issue will be reduced accordingly. Subject to the Irrevocable Undertaking as more particularly described in the section headed “Irrevocable Undertaking” in this announcement, there is no minimum amount which must be raised in order for the Rights Issue to proceed.**

### **IRREVOCABLE UNDERTAKING FROM GREATWALLE**

As at the date of this announcement, Greatwalle, being a controlling shareholder of the Company, holds directly 461,162,615 Shares (representing approximately 55.62% of the issued share capital of the Company as at the date of this announcement).

On 20 February 2019, the Company received from Greatwalle the Irrevocable Undertaking, which provides (among other things) that (i) Greatwalle will take up all of the assured entitlements to the Rights Shares in respect of Shares beneficially owned by it as at the date of the Irrevocable Undertaking pursuant to the terms of the Rights Issue, (ii) Greatwalle will not dispose of or transfer any interests in the Company (including Shares) from the date of the Irrevocable Undertaking up to and including the date on which the Rights Issue has become unconditional or the date on which the Company announces that the Rights Issue will not proceed, whichever is earlier, and (iii) Greatwalle will not apply, and procure its associate not to apply for any excess Right Shares whether in its own name or through nominees.

Save for the Irrevocable Undertaking, the Company has not received any information or irrevocable undertaking from any substantial shareholder (as defined in the GEM Listing Rules) of the Company of their intention in relation to the Rights Shares to be allotted to them under the Rights Issue as at the date of this announcement.

### **QUALIFYING SHAREHOLDERS**

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not be an Excluded Shareholder as at the close of business on the Record Date. In order to be registered as members of the Company on the Record Date, all transfers of Shares (together with the relevant share certificate(s)) must be lodged with the Registrar at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong by 4:30 p.m. on Wednesday, 27 February 2019.

The last day of dealing in the Shares on a cum-rights basis is Monday, 25 February 2019. The Shares will be dealt with on an ex-rights basis from Tuesday, 26 February 2019.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Thursday, 28 February 2019 to Wednesday, 6 March 2019 (both dates inclusive) for the purpose of determining the Shareholders' entitlements to the Rights Issue. During this period, no transfer of Shares will be registered.

## **ADJUSTMENTS TO EXERCISE PRICES AND NUMBERS OF SHARE OPTIONS**

As at the date of this announcement, there are 43,507,667 outstanding Share Options granted by the Company exercisable into 43,507,667 Shares. Save for the foregoing, there are no other options, warrants or other convertible securities granted by the Company that are subsisting as at the date of this announcement. Adjustments to the exercise prices and numbers of the Share Options will be required under the Share Option Scheme as a result of the Rights Issue. The auditor of the Company will be appointed to certify the necessary adjustments to the exercise prices and numbers of the Share Options. Further announcement relating to such adjustments will be made by the Company in this regard as and when appropriate.

## **GEM LISTING RULES IMPLICATIONS**

As the Company has not conducted any rights issue or open offer within the 12 month period prior to the date of this announcement and the Rights Issue will not increase the issued share capital or the market capitalisation of the Company by more than 50% and the Rights Issue is not underwritten by a Director, chief executive or substantial shareholder of the Company (or any of their respective close associates). The Rights Issue is not subject to Shareholders' approval under the GEM Listing Rules and will be carried out in compliance with Rule 10.31(1) of the GEM Listing Rules.

## **GENERAL**

The Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders on Thursday, 7 March 2019. The Prospectus (without the PAL and the EAF) and the Overseas Letter will be despatched to the Excluded Shareholders (if any) for their information only.

## **WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND NIL-PAID RIGHTS SHARES**

The Rights Issue is subject to the fulfilment and/or waiver (where applicable) of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed “Conditions of the Rights Issue” in this announcement. Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not satisfied and/or waived (where applicable), the Rights Issue will not proceed.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders or transferees of nil-paid Rights Shares will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. Investors are advised to exercise caution when dealing in the Shares.

Any dealings in the Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled and/or waived (where applicable), and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or Rights Shares in their nil-paid form are recommended to consult their professional advisers.

## **PROPOSED RIGHTS ISSUE**

The Company proposes to raise up to approximately HK\$41.5 million before expenses by way of a rights issue of 414,554,218 Rights Shares at the Subscription Price of HK\$0.10 each and on the basis of one (1) Rights Share for every two (2) Shares held by the Qualifying Shareholders on the Record Date (assuming no change in the number of Shares in issue on or before the Record Date)/up to approximately HK\$43.6 million before expenses by way of a rights issue of 436,308,052 Rights Shares at the Subscription Price of HK\$0.10 each and on the basis of one (1) Rights Share for every two (2) Shares held by the Qualifying Shareholders on the Record Date (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of the outstanding Share Options). The Rights Issue will not be extended to the Excluded Shareholder(s) (if any). The terms of the Rights Issue are set out below:–

## Issue statistics

Basis of Rights Issue	One (1) Rights Share for every two (2) Shares held on the Record Date
Subscription Price	HK\$0.10 per Rights Share
Number of Shares in issue as at the date of this announcement	829,108,437 Shares
Number of Rights Shares to be issued under the Rights Issue	Up to 414,554,218 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)/up to 436,308,052 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of outstanding Share Options)
Aggregate nominal value of the Rights Shares	Up to HK\$4,145,542.18 (assuming no change in the number of Shares in issue on or before the Record Date)/up to HK\$4,363,080.52 (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of outstanding Share Options)
Enlarged issue share capital upon completion of the Rights Issue	Up to 1,243,662,655 Shares (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)/up to 1,308,924,156 Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of outstanding Share Options and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)
Number of Rights Shares undertaken to be taken up	Greatwall has undertaken to take up an aggregate of 230,581,307 Rights Shares (representing approximately 55.62% (assuming no outstanding Share Options being exercised) or 52.85% (assuming all outstanding Share Options being exercised) of the total Rights Shares proposed to be provisionally allotted by the Company)

Funds raised before expenses

Up to approximately HK\$41.5 million (assuming no outstanding Share Options being exercised and all the Rights Shares will be taken up)/up to approximately HK\$43.6 million (assuming all outstanding Share Options being exercised and all the Rights Shares will be taken up)

As at the date of this announcement, there are 43,507,667 outstanding Share Options granted by the Company exercisable into 43,507,667 Shares. Save for the foregoing, the Group had no outstanding debt securities, derivatives, options, warrants, conversion securities or other similar securities which are convertible or exchangeable into Shares, and there was no arrangement under which dividends are/will be waived or agreed to be waived. The Company has no intention to issue or grant any Shares, convertible securities, warranties and/or options on or before the Record Date.

Assuming no change in the number of issued Shares on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 414,554,218 Rights Shares proposed to be issued pursuant to the terms of the Rights Issue represent: (i) approximately 50% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 33.3% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares (assuming full acceptance by the Qualifying Shareholders).

Assuming (i) all the outstanding Share Options being exercised, (ii) and that there is no other change in the number of issued Shares on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 436,308,052 Rights Shares proposed to be issued pursuant to the Rights Issue represents (i) approximately 52.6% of the existing issued Shares as at the date of this announcement; and (ii) approximately 33.3% of the enlarged issued Shares immediately after completion of the Rights Issue (assuming full acceptance by the Qualifying Shareholders).

### **Subscription Price**

The Subscription Price of HK\$0.10 per Rights Share is payable in full when a Qualifying Shareholder accepts the relevant provisional allotment of Rights Shares or applies for excess Rights Shares or when a transferee of nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 20.63% to the closing price of HK\$0.126 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 35.06% to the average of the closing prices of Shares for the five consecutive trading days ended on the Last Trading Day of approximately HK\$0.154 per Share;
- (iii) a discount of approximately 38.65% to the average of the closing prices of Shares for the ten consecutive trading days ended on the Last Trading Day of approximately HK\$0.163 per Share;
- (iv) a discount of approximately 14.53% to the theoretical ex-rights price of approximately HK\$0.117 per Share based on the closing price per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (v) a premium of approximately 88.68% to the unaudited consolidated net asset value per Share of approximately HK\$0.053 (based on the latest published consolidated net asset value of the Group of approximately HK\$43,717,000 as at 30 September 2018 as disclosed in the interim report of the Company for the six months ended 30 September 2018 and 829,108,437 Shares in issue as at the date of this announcement).

The Subscription Price was determined with reference to, among other things, the recent market prices of the Shares, the current market conditions and the amount of funds the Company intends to raise under the Rights Issue.

The Directors (including the independent non-executive Directors) consider that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Basis of provisional allotment**

The basis of the provisional allotment shall be one (1) Rights Share for every two (2) Shares held by a Qualifying Shareholder as at the close of business on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing a PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar on or before 4:00 p.m. on the Final Acceptance Date.



## **Qualifying Shareholders**

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not be an Excluded Shareholder on the Record Date.

In order to be registered as a member of the Company on the Record Date, a Shareholder must lodge the relevant transfer(s) of Share(s) (with the relevant share certificates) with the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on Wednesday, 27 February 2019.

The last day of dealings in the Shares on a cum-rights basis is Monday, 25 February 2019. The Shares will be dealt with on an ex-rights basis from Tuesday, 26 February 2019.

Qualifying Shareholders who take up their pro rata entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements).

## **Excluded Shareholder(s) (if any)**

The Prospectus Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

Pursuant to Rule 17.41(1) of the GEM Listing Rules, the Directors will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholder(s) under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If, after making such enquiries, the Directors are of the opinion that it would be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place to exclude such Overseas Shareholder(s) from the Rights Issue, no Rights Shares (whether in nil-paid or fully-paid form) will be offered to such Overseas Shareholder(s). In such circumstances, the Rights Issue will not be extended to the Excluded Shareholder(s). The basis for excluding the Excluded Shareholders(s), if any, from the Rights Issue will be set out in the Prospectus. The Company will send the Prospectus (without the PAL and the EAF) and the Overseas Letter to the Excluded Shareholders for their information only.



Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders in their nil-paid form, to be sold in the market as soon as practicable after dealings in the nil-paid Rights Shares commence, and in any event before the last day for dealings in nil-paid Rights Shares if a premium (net of expenses) can be obtained. Proceeds of each sale, less expenses and stamp duty, of not less than HK\$100 will be paid pro-rata (rounded down to the nearest cent) to the relevant Excluded Shareholder(s) in Hong Kong dollars. The Company will retain individual amounts of less than HK\$100 for its own benefit. Any unsold entitlements of the Excluded Shareholders will be made available for excess application by the Qualifying Shareholders.

**Overseas Shareholders should note that they may or may not be entitled to the Rights Issue. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.**

### **Status of the Rights Shares**

The Rights Shares, when allotted, issued and fully paid, will rank pari passu in all respects with the Shares in issue at the time. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid by the Company after the date of allotment and issue of the Rights Shares.

### **Fractional entitlements to the Rights Shares**

The Company will not provisionally allot and will not accept application for any fractions of the Rights Shares. All fractions of the Rights Shares will be aggregated and sold by the Company in the open market if a premium (net of expenses) can be obtained. Any unsold fractions of the Rights Shares will be made available for excess application by the Qualifying Shareholders. No odd-lot matching services will be provided.

### **Application for excess Rights Shares**

Qualifying Shareholders (other than Greatwalle and its associates) are entitled to apply for, by way of excess application:

- (i) any unsold entitlements to the Rights Shares of the Excluded Shareholder(s) (if any);
- (ii) any unsold Rights Shares created by aggregating fractions of the Rights Shares; and
- (iii) any nil-paid Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise not subscribed for by renouncees or transferees of nil-paid Rights Shares.

Applications for excess Rights Shares may be made by completing an EAF and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Directors will allocate any excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (i) subject to the availability of sufficient excess Rights Shares for all such applications, preference may be given to applications for less than a board lot of Rights Shares where they appear to the Directors that such applications are made to top up odd-lot holdings to whole-lot holdings and that such applications are not made with the intention to abuse this mechanism;
- (ii) after applying the principle in (1) above, the remaining excess Rights Shares, if any (if preference is given) or all excess Rights Shares (if no preference is given) will be allocated to Qualifying Shareholders who apply for them on a pro rata basis by reference to the number of the excess Rights Shares applied for under each application, with flexibility to round up to whole board lots at the discretion of the Directors;
- (iii) no reference will be made to the Rights Shares subscribed through applications by PALs or the existing number of Shares held by Qualifying Shareholders; and
- (iv) pursuant to Rule 10.31(3)(b) of the GEM Listing Rules, the Company will also take steps to identify the applications for excess Rights Shares made by any Controlling Shareholder or its associates (together, the “**Relevant Shareholders**”), whether in their own names or through nominees. The Company shall disregard the Relevant Shareholders’ applications for excess Rights Shares to the extent that the total number of excess Right Shares they have applied for exceeds a maximum number equivalent to the total number of Rights Shares offered under the Rights Issue minus the number of Rights Shares taken up by the Relevant Shareholders under their assured entitlement to the Rights Shares.

If the aggregate number of Rights Shares not taken up by the Qualifying Shareholders and/or transferees of nil-paid Rights Shares under PALs is greater than the aggregate number of excess Rights Shares being applied for under EAFs, the Directors will allocate to each Qualifying Shareholder who applies for excess Rights Shares the actual number of excess Rights Shares being applied for.

Investors whose Shares are held by a nominee company (including HKSCC Nominees Limited) should note that for the purpose of the Rights Issue, the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the Investors should note that the aforesaid arrangement in relation to the allocation of excess Rights Shares will not be extended to beneficial owners individually. Investors whose Shares are held by a nominee company are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. For those investors who would like to have their names registered on the register of members of the Company, all necessary documents must be lodged with the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on Wednesday, 27 February 2019.

### **Application for listing**

The Company will apply to the Listing Division of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. No part of the share capital of the Company is listed or dealt in or on which listing or permission to deal in is being or is proposed to be sought on any other stock exchange.

The board lot size of the nil-paid Rights Shares shall be the same as that of the fully-paid Rights Shares, i.e. 10,000 Shares in one board lot.

### **Rights Shares will be eligible for admission into CCASS**

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

### **Stamp duty and other applicable fees**

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy or any other applicable fees and charges in Hong Kong.

## **Taxation**

Qualifying Shareholders are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for the Rights Shares, or about purchasing, holding or disposals of, or dealings in or exercising any rights in relation to the Shares or the Rights Shares, and similarly, the Excluded Shareholders (if any) as regards their receipt of the net proceeds of sale of the Rights Shares otherwise falling to be issued to them under the Rights Issue under the laws of jurisdictions in which they are liable to taxation. It is emphasised that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Shares or the Rights Shares.

## **Share certificates and refund cheques for Rights Issues**

Subject to the fulfilment and/or waiver (where applicable) of the conditions of the Rights Issue as set out below, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered address, at their own risks, on or before Friday, 29 March 2019.

Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before Friday, 29 March 2019 by ordinary post to the applicants' registered address, at their own risk.

## **The Rights Issue on a non-underwritten basis**

Subject to the fulfilment and/or waiver (where applicable) of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event that there is an under-subscription of the Rights Issue, the size of the Rights Issue will be reduced accordingly.

Subject to the Rights Shares expected to be taken up by Greatwalle pursuant to the Irrevocable Undertaking, there is no minimum amount to be raised under the Rights Issue in order for the Rights Issue to proceed.

Besides, a Shareholder who applies to take up all or part of its entitlement under PAL or apply for excess Rights Shares under EAF may unwittingly incur an obligation to make a general offer under the Takeovers Code, unless a waiver from the Executive (as defined in the Takeovers Code) has been obtained.

Accordingly, the Rights Issue will be made on the term that the Company will, pursuant to Rule 10.26 of the GEM Listing Rules, provide for Shareholders (other than HKSCC Nominees Limited) to apply on the basis that if the Rights Shares are not fully taken up, the applications of any Shareholder for its entitlement under the PAL or for excess Rights Shares under the EAF can be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code.

### **Conditions of the Rights Issue**

The Rights Issue is conditional upon the fulfilment, non-occurrence or waiver (as appropriate) of each of the following conditions:

- (a) the meeting(s) of the Board properly and validly convened to approve and implement the Rights Issue;
- (b) the Stock Exchange having authorised the registration of, and the Companies Registry in Hong Kong having registered, respectively, on or prior to the Posting Date, each of the Prospectus Documents each duly certified in compliance with section 342C of the Companies Ordinance (and all other documents required to be attached thereto or otherwise filed or delivered) and otherwise complying with the requirements of the Companies Ordinance and the GEM Listing Rules;
- (c) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus to the Excluded Shareholder(s), if any, and for information purposes only, on or before the Posting Date;
- (d) the Listing Division granting and not having revoked, the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms either unconditionally or subject to such conditions which the Company accepts and the satisfaction of such conditions (if any and where relevant) by no later than the Posting Date and such listings and permission to deal not having been withdrawn or revoked;
- (e) each condition to enable the Rights Shares in their nil-paid or fully-paid forms to be admitted as eligible securities for deposit, clearance and settlement in CCASS having been satisfied on or before the Business Day prior to the commencement of trading of the Rights Shares (in their nil-paid and fully-paid forms, respectively) and no notification having been received by the Company from the HKSCC by such time that such admission or facility for holding and settlement has been or is to be refused;
- (f) compliance with and performance of all undertakings and obligations of Greatwall under the Irrevocable Undertaking in all material respects; and

- (g) there shall not have occurred and be continuing any of the following:
- (i) 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 in the absolute opinion of the Company in any material respect affect the success of the Rights Issue (such success being the taking up of the Rights Shares by the Shareholders or the transferees of the nil-paid rights) or otherwise in the absolute opinion of the Company makes it inexpedient or inadvisable or inappropriate for the Company to proceed with the Rights Issue; or
  - (ii) any event of force majeure including, without limiting the generality thereof, any act of God, war, fire, flood, explosion, epidemic, terrorism, which in any material respect adversely affect the business or the financial or trading position or prospects of the Company or the Rights Issue; or
  - (iii) any other material adverse change in relation to the business or the financial or trading position or prospects of the Company occurs, whether or not of the same kind with any of the foregoing; or
  - (iv) any suspension in the trading of the securities generally or the Company's securities on the Stock Exchange for a period of more than 30 consecutive trading days occurs, excluding any halt or suspension in connection with the clearance of the announce or circular or prospectus of the Company for the Rights Issue or other announcements or circulars in connection with the Rights Issue.

Save for condition (f) and (g) which can be waived (conditionally or unconditionally) by the Company, none of the above conditions can be waived. If any of the conditions referred to above are not fulfilled, or occurs and/or not waived (where applicable) at or before 4:00 p.m. on Monday, 25 March 2019, the Rights Issue will not proceed.

**As the proposed Rights Issue is subject to the above conditions, it may or may not proceed.**

#### **IRREVOCABLE UNDERTAKING**

As at the date of this announcement, Greatwalle, being a controlling shareholder of the Company, holds directly 461,162,615 Shares (representing approximately 55.62% of the issued share capital of the Company as at the date of this announcement).

On 20 February 2019, the Company received from Greatwalle the Irrevocable Undertaking, which provides (among other things) that (i) Greatwalle will take up all of the assured entitlements to the Rights Shares in respect of Shares beneficially owned by it as at the date of the Irrevocable Undertaking pursuant to the terms of the Rights Issue, (ii) Greatwalle will not dispose of or transfer any interests in the Company (including Shares) from the date of the Irrevocable Undertaking up to and including the date on which the Rights Issue has become unconditional or the date on which the Company announces that the Rights Issue will not proceed, whichever is earlier, and (iii) Greatwalle will not apply, and procure its associate not to apply for any excess Right Shares whether in its own name or through nominees

Save for the Irrevocable Undertaking, the Company has not received any information or irrevocable undertaking from any substantial shareholder (as defined in the GEM Listing Rules) of the Company of their intention in relation to the Rights Shares to be allotted to them under the Rights Issue as at the date of this announcement.

#### **WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES**

**The Rights Issue is subject to the fulfilment and/or waiver (where applicable) of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed “Conditions of the Rights Issue” in this announcement. Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not satisfied and/or waived (where applicable), the Rights Issue will not proceed.**

**The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders or transferees of nil-paid Rights Shares will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. Investors are advised to exercise caution when dealing in the Shares.**

**Any dealings in the Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled and/or waived (where applicable), and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or Rights Shares in their nil-paid form are recommended to consult their professional advisers.**



## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Thursday, 28 February 2019 to Wednesday, 6 March 2019 (both dates inclusive) for the purpose of determining entitlements to the Rights Issue. During this period, no transfer of Shares will be registered.

## **EXPECTED TIMETABLE**

The expected timetable in respect of the Rights Issue is set out below:

**2019**

Last day of dealing in the Shares on a cum-rights basis	Monday, 25 February
First day of dealing in the Shares on an ex-rights basis	Tuesday, 26 February
Latest time for lodging transfers of Shares to be entitled for the Rights Issue	4:30 p.m. on Wednesday, 27 February
Book close period to determine the entitlements to the Rights Issue (both dates inclusive)	Thursday, 28 February to Wednesday, 6 March
Record Date	Wednesday, 6 March
Register of members re-opens	Thursday, 7 March
Prospectus Documents to be posted	Thursday, 7 March
First day of dealing in nil-paid Rights Shares	Monday, 11 March
Latest time for splitting nil-paid Rights Shares	4:30 p.m. on Wednesday, 13 March
Last day of dealing in nil-paid Rights Shares	Monday, 18 March
Latest time of acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares	4:00 p.m. on Thursday, 21 March

Latest time for the Rights Issue to become unconditional	4:00 p.m. on Monday, 25 March
Announcement of the results of the Rights Issue to be published	Thursday, 28 March
Refund cheques for wholly and partially unsuccessful excess applications to be posted	Friday, 29 March
Share certificates of fully-paid Rights Shares to be posted	Friday, 29 March
Dealings in fully-paid Rights Shares commence	9:00 a.m. on Monday, 1 April

All times and dates in this announcement refer to Hong Kong local times and dates.

Dates or deadlines specified in the expected timetable above or in other parts of this announcement are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

### **EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND FOR APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES**

The latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Thursday, 21 March 2019. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Thursday, 21 March 2019. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place on or before 4:00 p.m. on Thursday, 21 March 2019, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

## SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Rights Issue assuming full acceptance by the Qualifying Shareholders; and (iii) immediately after completion of the Rights Issue assuming nil acceptance by the Qualifying Shareholders other than Greatwalle who will take up the Rights Shares in accordance with the terms of the Irrevocable Undertaking,

- (a) assuming no outstanding Share Options being exercised and there is no other change in the shareholding structure of the Company before the completion of the Rights Issue:

Shareholders	At the date of this announcement (Note 1)		Immediately after completion of the Rights Issue (assuming full acceptance by the Qualifying Shareholders)		Immediately after completion of the Rights Issue (assuming nil acceptance by the Qualifying Shareholders other than Greatwalle, who will take up its assured entitlements to the Rights Shares in accordance with the Irrevocable Undertaking)	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Greatwalle	461,162,615	55.62	691,743,922	55.62	691,743,922	65.28
Other Shareholders	367,945,822	44.38	551,918,733	44.38	367,945,822	34.72
<b>Total</b>	<b>829,108,437</b>	<b>100.00</b>	<b>1,243,662,655</b>	<b>100.00</b>	<b>1,059,689,744</b>	<b>100.00</b>

- (b) assuming all the outstanding Share Options being exercised before the Record Date and there is no other change in the shareholding structure of the Company before the completion of the Rights Issue:

Shareholders	At the date of this announcement (Note 1)		Immediately upon full exercise of all outstanding Share Options before the Record Date		Immediately after completion of the Rights Issue (assuming full acceptance by the Qualifying Shareholders)		Immediately after completion of the Rights Issue (assuming nil acceptance by the Qualifying Shareholders other than Greatwalle, who will take up its assured entitlements to the Rights Shares in accordance with the Irrevocable Undertaking)	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Greatwalle	461,162,615	55.62	461,162,615	52.85	691,743,922	52.85	691,743,922	62.70
Holders of the outstanding Share Options (Note 2)	–	–	43,507,667	4.98	65,261,501	4.98	43,507,667	3.95
Other Shareholders	367,945,822	44.38	367,945,822	42.17	551,918,733	42.17	367,945,822	33.35
<b>Total</b>	<b>829,108,437</b>	<b>100.00</b>	<b>872,616,104</b>	<b>100.00</b>	<b>1,308,924,156</b>	<b>100.00</b>	<b>1,103,197,411</b>	<b>100.00</b>

Notes:

- (1) Based on 829,108,437 Shares in issue as at the date of this announcement.
- (2) As at the date of this announcement, the Company has outstanding Share Options under the Share Option Scheme carrying rights for the holders of the Share Options to subscribe for an aggregate of 43,507,667 new Shares. 27,089,679 outstanding Share Options are held by the Directors.

## REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

The expected gross proceeds, net proceeds and net price per Rights Share from the Rights Issue are set out below:

- (a) assuming no outstanding Share Options being exercised and there is no other change in the shareholding structure of the Company before the completion of the Rights Issue:

	Assuming full acceptance by the Qualifying Shareholders <i>HK\$ (approximately)</i>	Assuming nil acceptance by the Qualifying Shareholders other than Greatwalle, who will take up its assured entitlements to the Rights Shares in accordance with the Irrevocable Undertaking) <i>HK\$ (approximately)</i>
Gross proceeds	41.5 million	23.1 million
Net proceeds	40.5 million	22.1 million
Net price per Rights Share	0.1	0.1

- (b) assuming all the outstanding Share Options being exercised and there is no other change in the shareholding structure of the Company before the completion of the Rights Issue:

	Assuming full acceptance by the Qualifying Shareholders <i>HK\$ (approximately)</i>	Assuming nil acceptance by the Qualifying Shareholders other than Greatwalle, who will take up its assured entitlements to the Rights Shares in accordance with the Irrevocable Undertaking) <i>HK\$ (approximately)</i>
Gross proceeds	43.6 million	23.1 million
Net proceeds	42.6 million	22.1 million
Net price per Rights Share	0.1	0.1

## **Reasons for the Rights Issue**

***Diversification of the Group's business.*** Since July 2018, the Company has put in place a new management team, the members of which are experienced in fund operation and corporate management. Leveraging on the experience of the new management team, the Company has tapped into the business of provision of business advisory and management services. To support the diversification of the Group's business and to expand the Group's business into the business advisory and management services, the Company intends to apply part of the net proceeds from the Rights Issue to develop this new business segment.

***Enhancing the Group's quality in providing security guarding services.*** With over ten years of experience in providing manned security guarding services, the Group has established goodwill in its security guarding business. To maintain the establish goodwill in the market, the Company intends to apply part of the proceeds to enhance the quality of the security guarding services.

***To strengthen the Group's capital base.*** The Board believes that the Rights Issue will also enable the Group to strengthen its working capital base and to enhance its financial position, while at the same time allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company.

## **The intended use of net proceeds**

The Company intends to apply the net proceeds from the Rights Issue (the “**Net Proceeds**”) in the following manner:

- (i) approximately 40% of the Net Proceeds for the development of the provision of business advisory and management services, including setting up a division for this segment, arranging for professional trainings to employees of the division and marketing;
- (ii) approximately 25% of the Net Proceeds for strengthening the ongoing operations of the Group's security guarding business and to ensure the quality of the Group's security guarding services, such as providing guidance and arranging trainings to its security guards, investing in new equipment and replacing outdated equipment; and
- (iii) approximately 35% of the Nets Proceeds for the Group's general working capital, to strengthen its capital base and also to support the ongoing capital requirements of the Group's various business segments.

The use of Net Proceeds may be adjusted based upon the development of the Group's business and its needs. If the actual use of the Net Proceeds deviates significantly, the Company will publish announcement on the change(s) as and when appropriate and in accordance with the requirements of the GEM Listing Rules.

Based on the above, the Board considers that raising capital through the Rights Issue is in the interests of the Company and the Shareholders as a whole. In addition, having considered the capital needs of the Group, the costs of underwriting services, the proposed terms of the Rights Issue and the Subscription Price, the Board also considers that it is in the interests of the Company to proceed with the Rights Issue on a non-underwritten basis. **However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Excluded Shareholder(s) (if any) should note that their shareholdings will be diluted.**

As at the date of this announcement, the Company has no intention, arrangement, agreement, understanding, negotiation (concluded or otherwise) on any disposal, termination or scaling down of the existing businesses of the Group.

#### **FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS**

On 18 January 2019, the Company issued 8,208,994 new Shares pursuant to the exercise of options under the Share Option Scheme.

Save for the above, the Company had not conducted any equity fund raising activities in the 12 months immediately preceding the date of this announcement.

#### **ADJUSTMENTS TO EXERCISE PRICES AND NUMBERS OF SHARE OPTIONS**

As at the date of this announcement, there are 43,507,667 outstanding Share Options granted by the Company exercisable into 43,507,667 Shares. Save for the foregoing, there are no other options, warrants or other convertible securities granted by the Company that are subsisting as at the date of this announcement. Adjustments to the exercise prices and numbers of the Share Options will be required under the Share Option Scheme as a result of the Rights Issue. The auditor of the Company will be appointed to certify the necessary adjustments to the exercise prices and numbers of the Share Options. Further announcement relating to such adjustments will be made by the Company in this regard as and when appropriate.



## **GEM LISTING RULES IMPLICATIONS**

As the Company has not conducted any rights issue or open offer within the 12 month period prior to the date of this announcement and the Rights Issue will not increase the issued share capital or the market capitalisation of the Company by more than 50% and the Rights Issue is not underwritten by a Director, chief executive or substantial shareholder of the Company (or any of their respective close associates). The Rights Issue is not subject to Shareholders' approval under the GEM Listing Rules and will be carried out in compliance with Rule 10.31(1) of the GEM Listing Rules.

## **GENERAL**

The Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders on Thursday, 7 March 2019 and the Prospectus (without the PAL and the EAF) with the Overseas Letter will be despatched to the Excluded Shareholder(s) (if any) for information only.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“associates”	has the meaning ascribed to it under the GEM Listing Rules;
“Board”	the board of Directors;
“Business Day”	a day (other than a Saturday, Sunday and public holiday) on which banks are open for general banking business in Hong Kong;
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC;
“Company”	Greatwalle Inc. (長城匯理公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM;
“Companies Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong);
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules;

“controlling shareholder”	has the meaning ascribed to it under the GEM Listing Rules;
“Director(s)”	the director(s) of the Company;
“EAF(s)”	the excess application form(s) for use by the Qualifying Shareholders who wish to apply for Rights Shares in excess for their entitlements under the Rights Issue;
“Excluded Shareholder(s)”	Overseas Shareholder(s) whom the Directors, after making enquiries regarding the legal restrictions under the laws of the relevant places or the requirements of the relevant overseas regulatory bodies or stock exchanges, consider it necessary or expedient to exclude them from the Rights Issue;
“Final Acceptance Date”	Thursday, 21 March 2019, being the last day for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares or such other time or date as the Company may determine;
“GEM”	GEM of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM;
“Greatwalle”	Greatwalle Holding Limited (長城匯理控股有限公司), a company incorporated in Hong Kong with limited liability;
“Great Walle Investment”	深圳長城匯理投資股份有限公司 (Shenzhen Great Walle Investment Corp., Ltd.*), a company established in Shenzhen with limited liability;
“Group”	the Company and its subsidiaries;
“HKSCC”	Hong Kong Securities Clearing Company Limited;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;

“Irrevocable Undertaking”	a deed of irrevocable undertaking entered into on 20 February 2019 by Greatwalle in favour of the Company;
“Last Trading Day”	Tuesday, 19 February 2019, being the last full trading day before the release of this announcement;
“Listing Division”	the listing division of the Stock Exchange (with responsibility for GEM);
“Overseas Letter”	a letter from the Company to the Excluded Shareholder(s) (if any) explaining the circumstances in which the Excluded Shareholder(s) (if any) is/are not permitted to participate in the Rights Issue;
“Overseas Shareholder(s)”	the Shareholder(s) (whose names appear on the register of members of the Company at the close of business on the Record Date) with registered address(es) outside Hong Kong;
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue;
“Posting Date”	Thursday, 7 March 2019 or such other date as the Company may determine, being the date on which the Prospectus Documents are posted to the Qualifying Shareholders;
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;
“Prospectus”	the prospectus to be issued to the Shareholders containing, among other things, details of the Rights Issues;
“Prospectus Documents”	the Prospectus, the PAL and the EAF;
“Qualifying Shareholders”	Shareholders, other than the Excluded Shareholders, whose names appear on the register of members of the Company at the close of business on the Record Date;

“Record Date”	Wednesday, 6 March 2019 or on such other date as the Company may determine, being the date by reference to which the Shareholders’ entitlements to the Rights Issue are to be determined;
“Registrar”	Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company;
“Rights Issue”	the issue by way of rights of one (1) Rights Share for every two (2) Shares in issue on the Record Date at the Subscription Price;
“Rights Share(s)”	up to 414,554,218 new Shares (assuming no change in the number of Shares in issue on or before the Record Date)/up to 436,308,052 new Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of outstanding Share Options) proposed to be allotted and issued under the Rights Issue;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	The Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	the ordinary shares in the issued share capital of the Company;
“Share Options”	43,507,667 outstanding options to subscribe for 43,507,667 Shares granted under the Share Option Scheme;
“Share Option Scheme”	the share option scheme adopted by the Company on 31 July 2014;
“Shareholder(s)”	holder(s) of Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Price”	the subscription price of HK\$0.10 per Rights Share under the Rights Issue;

“substantial shareholder(s)” has the meaning ascribed to it under the GEM Listing Rules;

“Takeovers Code” the Hong Kong Code on Takeovers and Mergers; and

“%” per cent.

*\* for identification purposes only*

By order of the Board  
**GreatWalle Inc.**  
**Pang Xiaoli**  
*Chairman and executive Director*

Hong Kong, 20 February 2019

*As at the date of this announcement, the executive Directors are Ms. Pang Xiaoli, Mr. Li Mingming, Mr. Hon Hoi Chuen and Ms. Lin Shuxian; and the independent non-executive Directors are Ms. Guan Yan, Mr. Zhao Jinsong and Mr. Li Zhongfei.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its posting and on the Company’s website at [www.kingforce.com.hk](http://www.kingforce.com.hk).*