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LUEN WONG GROUP HOLDINGS LIMITED

聯旺集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8217)

PROPOSED SHARE CONSOLIDATION AND PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

PROPOSED SHARE CONSOLIDATION

The Board intends to put forward a proposal to the Shareholders to effect the Share Consolidation which involves the consolidation of every four (4) issued and unissued Existing Shares of par value HK\$0.01 each into one (1) Consolidated Share of par value of HK\$0.04.

As at the date of this announcement, the authorised share capital of the Company is HK\$20,000,000 divided into 2,000,000,000 Existing Shares of HK\$0.01 each, of which 1,248,000,000 Existing Shares have been issued and are fully paid or credited as fully paid. Assuming no further Shares will be issued or repurchased between the date of this announcement and the date of the EGM, immediately after the Share Consolidation becoming effective but before the Authorised Share Capital Increase, the authorised share capital of the Company will become HK\$20,000,000 divided into 500,000,000 Consolidated Shares of HK\$0.04 each, of which 312,000,000 Consolidated Shares (which are fully paid or credited as fully paid) will be in issue.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The Company proposes to increase the Company's authorised share capital (conditional on the Share Consolidation having become effective) from HK\$20,000,000 divided into 500,000,000 Consolidated Shares to HK\$80,000,000 divided into 2,000,000,000 Consolidated Shares by the creation of an additional 1,500,000,000 Consolidated Shares.

Upon the Share consolidation and the Authorised Share Capital Increase becoming effective, the size of each board lot of the Consolidated Shares will remain the same as that of the Existing Shares being 10,000 Consolidated Shares per board lot and the Consolidated Shares will rank pari passu in all respects with each other in accordance with the Memorandum and the Articles.

GENERAL

A circular containing, among other things, (i) further details of (a) the Share Consolidation and (b) the Authorised Share Capital Increase; and (ii) a notice convening the EGM, is expected to be despatched to the Shareholders on or before Friday, 28 February 2020.

PROPOSED SHARE CONSOLIDATION

The Board intends to put forward a proposal to the Shareholders to effect the Share Consolidation which involves the consolidation of every four (4) issued and unissued Existing Shares into one (1) Consolidated Share.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the following:

- (i) the passing of the ordinary resolution by the Shareholders to approve the Share Consolidation at the EGM;
- (ii) the compliance with all relevant procedures and requirements under the laws of the Cayman Islands (where applicable) and the GEM Listing Rules to effect the Share Consolidation; and
- (iii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares arising from the Share Consolidation becoming effective.

The Share Consolidation will become effective on the second business day immediately following the fulfillment of the above conditions.

Effects of the Share Consolidation

As at the date of this announcement, the authorised share capital of the Company amounted to HK\$20,000,000 divided into 2,000,000,000 Existing Shares, of which 1,248,000,000 Existing Shares have been allotted and issued as fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective and on the basis that no further Existing Shares will be allotted, issued or repurchased prior thereto, the authorised share capital of the Company will become HK\$20,000,000 divided into 500,000,000 Consolidated Shares of HK\$0.04 each, of which 312,000,000 Consolidated Shares will be in issue, which are fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective, the Consolidated Shares will rank pari passu in all respects with each other in accordance with the Company's articles of association. No fractional Consolidated Shares will be issued by the Company. Any fractional entitlements of Consolidated Shares will be aggregated and sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of share certificates held by such holder.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Group or the interests or rights of the Shareholders, save for any fractional Consolidated Shares which may arise.

Odd lots arrangements and matching services

In order to alleviate the difficulties arising from the existence of odd lots of the Consolidated Shares arising from the Share Consolidation, the Company will procure an arrangement with an agent to stand in the market to provide matching services for sale and purchase of odd lots of the Consolidated Shares on a best effort basis. Further details in respect of the odd lots arrangements will be set out in the Circular.

Holdings of odd lots of the Consolidated Shares should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares are not warranted. Any Shareholder who is in any doubt about the odd lots arrangements is recommended to consult his/her/its own professional advisers.

Free exchange of certificates for Consolidated Shares

Subject to the Share Consolidation becoming effective, which is currently expected to be Wednesday, 18 March 2020, being the second Business Day immediately after the date of the EGM, Shareholders may on or after Wednesday, 18 March 2020 and until Monday, 27 April 2020 (both days inclusive), submit their existing share certificates for the Shares in blue colour to the Company's branch share registrar, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong to exchange for new share certificates for the Consolidated Shares in red colour at the expense of the Company.

Thereafter, existing share certificates for the Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each new share certificate for the Consolidated Shares issued or each existing share certificate for the Shares submitted for cancellation, whichever is higher.

The existing share certificates will only be valid for delivery, trading and settlement purposes for the period up to 4:10 p.m. on Thursday, 23 April 2020 and thereafter will not be accepted for delivery, trading and settlement purposes. However, the existing share certificates will continue to be good evidence of title to the Consolidated Shares on the basis of four (4) Existing Shares for one (1) Consolidated Share.

Listing and Dealings

Application will be made to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Consolidated Shares in issue arising from the Share Consolidation and all necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, upon the Share Consolidation being effective, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date 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 settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

No part of the share capital of the Company is listed or dealt in on any other stock exchange other than the Stock Exchange and no such listing or permission to deal is being or is proposed to be sought.

Adjustments in relation to other securities of the Company

As at the date of this announcement, there are outstanding Share Options for subscription of an aggregate of 124,800,000 Shares under the Share Option Scheme. The Share Consolidation may lead to adjustments to the exercise price and/or the number of Consolidated Shares falling to be issued upon exercise of the outstanding Share Options pursuant to the terms and conditions of the Share Option Scheme and the GEM Listing Rules. The Company will make further announcement(s) on such adjustments as and when appropriate.

Save for the aforesaid, the Company has no other outstanding options, warrants or securities in issue which are convertible or exchangeable into Shares as at the date of this announcement.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The Company further proposes to increase the Company's authorised share capital from HK\$20,000,000 divided into 500,000,000 Consolidated Shares to HK\$80,000,000 divided into 2,000,000,000 Consolidated Shares by the creation of an additional 1,500,000,000 Consolidated Shares. The proposed Authorised Share Capital Increase is conditional upon the following:

- (i) the passing of an ordinary resolution by the Shareholders at the EGM approving the same; and
- (ii) the Share Consolidation having become effective.

Upon the Share consolidation and the Authorised Share Capital Increase becoming effective, the size of each board lot of the Consolidated Shares will remain the same as that of the Existing Shares being 10,000 Consolidated Shares per board lot and the Consolidated Shares will rank pari passu in all respects with each other in accordance with the Memorandum and the Articles.

REASONS FOR THE SHARE CONSOLIDATION AND THE INCREASE IN AUTHORISED SHARE CAPITAL

Pursuant to Rule 17.76 of the GEM Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities. The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 3 July 2018 has further stated that (i) market price of the Shares at a level less than HK\$0.1 will be considered as trading at extremity as referred to under Rule 17.76 of the GEM Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

Based on the closing price of HK\$0.053 per Existing Share (equivalent to the theoretical closing price of HK\$0.212 per Consolidated Share) as at the date of this announcement, (i) the value of each existing board lot of Existing Shares is HK\$530; and (ii) the estimated value of each existing board lot of Consolidated Shares would be HK\$2,120 assuming the Share Consolidation has become effective.

In view of the recent trading prices of the Shares at a level less than HK\$0.1 and the existing board lot value being less than HK\$2,000, the proposed Share Consolidation will increase the nominal value of the Shares and would bring about a corresponding upward adjustment in the trading price per board lot of the Consolidated Shares on the Stock Exchange. As such, it would (i) enable the Company to comply with the trading requirements under the GEM Listing Rules; and (ii) reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction costs for each securities trade.

With a corresponding upward adjustment in the trading price of the Consolidated Shares, the Board believes that the Share Consolidation will make investing in the Shares more attractive to a broader range of investors, and therefore further broaden the shareholder base of the Company. The Board believes that the Share Consolidation will not have any material adverse effect on the financial position of the Group nor result in change in the relative rights of the Shareholders.

In order to accommodate growth of the Group and to provide the Company with greater flexibility to raise funds by allotting and issuing shares in the future as and when necessary, the Board proposed the Authorised Share Capital Increase.

The Board believes the Share Consolidation and the Authorised Share Capital Increase are in the interests of the Company and the Shareholders as a whole. As at the date of this announcement, the Company has no intention and plan to carry out other corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Share Consolidation and the Company does not have any concrete plan to conduct any fund raising activities in the next 12 months.

EXPECTED TIMETABLE

Set out below is the expected timetable for the implementation of the Share Consolidation and the Authorised Share Capital Increase:

- Despatch date of circular with notice of the EGM. on or before Friday, 28 February 2020
- Latest time for lodging share transfer in order to qualify for attending and voting at the EGM 4:00 p.m. on Monday, 9 March 2020
- Closure of register of members for determining the entitlement to attend and vote at the EGM (both dates inclusive) Tuesday, 10 March 2020 to Monday, 16 March 2020
- Latest time for lodging forms of proxy for the EGM. 11:00 a.m. on Saturday, 14 March 2020
- Date and time of the EGM 11:00 a.m. on Monday, 16 March 2020
- Announcement of voting results of the EGM Monday, 16 March 2020

The following events are conditional on the fulfilment of the conditions for the implementation of the Share Consolidation and the Authorised Share Capital Increase:

- Effective date of the Share Consolidation and the Authorised Share Capital Increase Wednesday, 18 March 2020
- First day of free exchange of existing share certificates for new share certificates for the Consolidated Shares Wednesday, 18 March 2020
- Dealing in the Consolidated Shares commences 9:00 a.m. on Wednesday, 18 March 2020
- Original counter for trading in the Existing Shares in board lots of 10,000 Existing Shares (in the form of existing share certificates) temporarily closes 9:00 a.m. on Wednesday, 18 March 2020
- Temporary counter for trading in the Consolidated Shares in board lots of 2,500 Consolidated Shares (in the form of existing share certificates) opens 9:00 a.m. on Wednesday, 18 March 2020

Original counter for trading in the Consolidated Shares in board lots of 10,000 Consolidated Shares (in the form of new share certificates for the Consolidated Shares) re-opens 9:00 a.m. on Wednesday, 1 April 2020

Parallel trading in the Consolidated Shares (in the Form of new share certificates for the Consolidated Shares and existing share certificates) commences 9:00 a.m. on Wednesday, 1 April 2020

Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares 9:00 a.m. on Wednesday, 1 April 2020

Temporary counter for trading in the Consolidated Shares in board lots of 2,500 Consolidated Shares (in the form of existing share certificates) closes. 4:10 p.m. on Thursday, 23 April 2020

Parallel trading in the Consolidated Shares (in the Form of new share certificates for the Consolidated Shares and existing share certificates) ends. 4:10 p.m. on Thursday, 23 April 2020

Designated broker ceases to stand in the market to provide matching services for odd lots of the Consolidated Shares 4:10 p.m. on Thursday, 23 April 2020

Last day for free exchange of existing share certificates for new share certificates for the Consolidated Shares 4:00 p.m. on Monday, 27 April 2020

GENERAL

The EGM will be convened and held for the Shareholders to consider, and if thought fit, approve, among other things, the Share Consolidation and the Authorised Share Capital Increase. No Shareholders are required to abstain from voting on the resolutions in relation to the Share Consolidation and the Authorised Share Capital Increase to be proposed at the EGM.

The Circular containing, among other things, further details of the Share Consolidation and the Authorised Share Capital Increase together with a notice of EGM will be despatched to the Shareholders on or before Friday, 28 February 2020.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Authorised Share Capital Increase”	subject to the Share Consolidation becoming effective, the increase in the authorised share capital of the Company from HK\$20,000,000 divided into 500,000,000 Consolidated Shares to HK\$80,000,000 divided into 2,000,000,000 Consolidated Shares by the creation of an additional 1,500,000,000 Consolidated Shares
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Luen Wong Group Holdings Limited (聯旺集團控股有限公司), a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the GEM
“Consolidated Share(s)”	ordinary share(s) with a par value of HK\$0.04 each in the share capital of Company upon the Share Consolidation becoming effective
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, among other things, the Share Consolidation and the Authorised Share Capital Increase
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries (from time to time)

“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Listing Committee”	has the meaning ascribed thereto under the GEM Listing Rules
“Share(s)” or “Existing Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Share Consolidation”	the proposed consolidation of every four (4) issued and unissued Existing Shares of par value of HK\$0.01 each in the share capital of the Company into one (1) Consolidated Share of par value of HK\$0.04 each
“Share Option(s)”	share option(s) granted under the Share Option Scheme entitling the holders thereof to subscribe for Share(s)
“Share Option Scheme”	the share option scheme of the Company adopted on 24 March 2016
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By Order of the Board
Luen Wong Group Holdings Limited
So Kwok Hung
Chairman and Executive Director

Hong Kong, 18 February 2020

As at the date of this announcement, the executive Directors are Mr. So Kwok Hung and Ms. Yu Xiao; and the independent non-executive Directors are Mr. Wong Chi Kan, Mr. Tai Hin Henry and Mr. Liao Honghao.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited 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 for at least seven days from the date of its posting and the Company’s website at www.luenwong.hk.