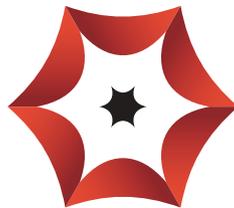

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Jicheng Holdings Limited (the “**Company**”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, the licensed securities dealer or registered institution or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.



China Jicheng Holdings Limited
中國集成控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1027)

(I) PLACING OF NEW SHARES UNDER SPECIFIC MANDATE;
(II) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;
AND
(III) NOTICE OF EXTRAORDINARY GENERAL MEETING

Terms used in this cover shall have the same meanings as defined in this circular.

A letter from the Board is set out on pages 5 to 18 of this circular.

A notice dated 11 December 2020 convening the EGM to be held on Tuesday, 29 December 2020 at 11:00 a.m. at Portion 2, 12/F, The Center, 99 Queen's Road Central, Central, Hong Kong is set out on pages EGM-1 to EGM-3 of this circular. Whether or not you are able to attend the EGM in person, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or at any adjourned meeting thereof if you so wish and, in such event, the relevant form of proxy shall be deemed to be revoked.

11 December 2020

PRECAUTIONARY MEASURES FOR THE EGM

In light of the coronavirus pandemic (“**COVID-19**”), and to better protect the safety and health of the Shareholders and other participants attending the EGM, the Company will implement the following precautionary measures at the venue of the EGM (the “**Venue**”):

1. compulsory body temperature checks will be conducted on all persons attending the EGM at the waiting area outside the Venue before they are admitted to the Venue. Any person with a body temperature of over 37.3 degree Celsius, or who has any flu-like symptoms, or is otherwise apparently unwell will not be admitted to the Venue;
2. all attendees must wear face masks at all times inside the Venue or at the waiting area outside the Venue;
3. seating at the Venue will be arranged in a manner to allow for appropriate social distancing. As a result, there may be limited capacity for Shareholders to attend the EGM. The Company may limit the number of attendees at the EGM as may be necessary to avoid over-crowding;
4. any attendee who does not follow any of the abovementioned measures will be refused admission to the Venue or requested to leave the Venue;
5. no refreshments or drinks will be served at the EGM to avoid close contact of attendees; and
6. all attendees are recommended to clean their hands with alcohol-based hand sanitizer before entering the Venue.

Shareholders are reminded that attendance at the EGM in person is not necessary for the purpose of exercising voting rights. The Shareholders may choose to vote by filling in and submitting the relevant proxy form of the EGM, and appointing the chairman of the meeting as a proxy to vote on relevant resolutions at the EGM as instructed in accordance with the relevant proxy form instead of attending the EGM in person. For details, please refer to the proxy form of the EGM.

The Company will keep monitoring the evolving COVID-19 situation and may implement additional measures which, if any, will be announced closer to the date of the EGM.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following terms or expressions shall have the meanings set out below:

“AGM”	the annual general meeting of the Company held on 30 June 2020 at which, among other things, the General Mandate was granted to the Directors
“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (other than Saturday, Sunday, public holiday or any day on which tropical cyclone warning 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 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 generally open for business throughout their normal business hours
“Company”	China Jicheng Holdings Limited, a company with limited liability incorporated under the laws of the Cayman Islands and the issued Shares of which are listed on the Stock Exchange (Stock Code: 1027)
“connected person(s)”	has the meaning ascribed thereto under Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held on Tuesday, 29 December 2020 at 11:00 a.m. at Portion 2, 12/F, The Center, 99 Queen’s Road Central, Central, Hong Kong for the Shareholders to consider and, if thought fit, approve the SM Placing Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) and the Increase in Authorised Share Capital
“General Mandate”	the general mandate granted to the Directors at the AGM to allot, issue or grant additional 37,860,000 new Shares (adjusted pursuant to the Share Consolidation), representing 20% of the number of issued Shares as at the date of the AGM

DEFINITIONS

“GM Placee(s)”	individuals, corporate, institutional investors or other investors procured by or through the Placing Agent under the GM Placing
“GM Placing”	the offer by way of private placing of the GM Placing Shares by or through the Placing Agent to the GM Placees, on a best endeavour basis, on the terms and subject to the condition set out in the GM Placing Agreement
“GM Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 4 November 2020 in relation to the GM Placing under the General Mandate
“GM Placing Shares”	37,860,000 new Shares placed pursuant to the GM Placing Agreement and each a “GM Placing Share”
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Increase in Authorised Share Capital”	the proposed increase in the authorised share capital of the Company from HK\$10,000,000 divided into 312,500,000 Shares to HK\$50,000,000 divided into 1,562,500,000 Shares by creating an additional 1,250,000,000 unissued Shares
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and any of its connected persons or their respective associates
“Latest Practicable Date”	7 December 2020, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing Agent”	Astrum Capital Management Limited, a licensed corporation to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“Placing Agreements”	collectively, the GM Placing Agreement and SM Placing Agreement
“Placing Price”	HK\$0.20 per Placing Share
“Placing Shares”	collectively, the GM Placing Shares and the SM Placing Shares
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.032 each in the share capital of the Company
“Share Consolidation”	the consolidation of every twenty (20) issued and unissued ordinary share(s) of HK\$0.0016 each in the share capital of the Company into one (1) consolidated Share of HK\$0.032 each which became effective on 6 July 2020
“Shareholder(s)”	holder(s) of the Share(s)
“SM Placee(s)”	any individuals, corporate, institutional investors or other investors to be procured by or through the Placing Agent under the SM Placing
“SM Placing”	the proposed offer by way of private placing of the SM Placing Shares by or through the Placing Agent to the SM Placee(s), on a best endeavour basis, on the terms and subject to the conditions set out in the SM Placing Agreement
“SM Placing Agreement”	the proposed conditional placing agreement entered into between the Company and the Placing Agent dated 4 November 2020 in relation to the SM Placing under the Specific Mandate
“SM Placing Shares”	a maximum of 75,720,000 new Shares proposed to be placed pursuant to the SM Placing Agreement and each a “SM Placing Share”

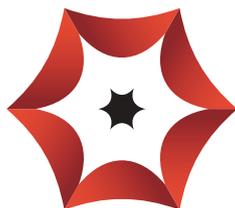
DEFINITIONS

“Specific Mandate”	the specific mandate to be granted by the Shareholders to the Board at the EGM for the allotment and issue of up to a maximum number of 75,720,000 SM Placing Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed thereto under Listing Rules
“HK\$”	the Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

In this circular, the English transliteration of the Chinese names, where indicated, are included for identification purpose only, and should not be regarded as the official English names of such Chinese names. In the event of any inconsistency, the Chinese names shall prevail.

For the purpose of this circular, amounts denominated in RMB have been translated into HK\$ at an exchange rate of RMB1.00 = HK\$1.17. No representation is made that any amounts in RMB and HK\$ can be or could have been converted at the relevant dates at the above rate or at any other rates at all.

LETTER FROM THE BOARD



China Jicheng Holdings Limited
中國集成控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1027)

Executive Directors:

Mr. Huang Wenji (*Chairman*)
Mr. Yang Guang
Mr. Lin Zhenshuang
Mr. Chung Kin Hung, Kenneth

Independent non-executive Directors:

Mr. Tso Sze Wai
Mr. Yang Xuetai
Ms. Lee Kit Ying, Winnie

Registered office:

Clifton House
75 Fort Street
Grand Cayman
KY1-1108
Cayman Islands

*Head office and principal place of
business in the PRC:*

Yonghe Industrial Section
Yonghe Town
Jinjiang City
Fujian Province
the PRC

*Principal place of business
in Hong Kong:*

Room 904, Loon Kee Building
275 Des Voeux Road Central
Hong Kong

11 December 2020

To the Shareholders

Dear Sir or Madam,

**(I) PLACING OF NEW SHARES UNDER SPECIFIC MANDATE;
AND
(II) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

INTRODUCTION

Reference is made to the announcement of the Company dated 4 November 2020 and the supplemental announcement of the Company dated 16 November 2020 in relation to, among other things, the SM Placing and the Increase in Authorised Share Capital.

LETTER FROM THE BOARD

On 4 November 2020 (after trading hours), the Company and the Placing Agent entered into the SM Placing Agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best endeavour basis, up to 75,720,000 SM Placing Shares, to not less than six SM Placees who and whose beneficial owners are Independent Third Parties at a price of HK\$0.20 per SM Placing Share. The SM Placing Shares will be allotted and issued pursuant to the Specific Mandate be obtained at the EGM.

On the same day, the Company and the Placing Agent entered into the GM Placing Agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best endeavour basis, up to 37,860,000 GM Placing Shares, to not less than six GM Placees who and whose ultimate beneficial owners are Independent Third Parties at a price of HK\$0.20 per GM Placing Share. Completion of the GM Placing took place on 26 November 2020. An aggregate of 37,860,000 GM Placing Shares have been allotted and issued to not less than six independent GM Placees at the Placing Price of HK\$0.20 per GM Placing Share pursuant to the terms and condition of the GM Placing Agreement.

The purpose of this circular is to provide you with, among other things, (i) further details of the SM Placing and the Increase in Authorised Share Capital; and (ii) a notice convening the EGM.

SM PLACING AGREEMENT

Date	:	4 November 2020 (after trading hours)
Issuer	:	The Company
Placing Agent	:	Astrum Capital Management Limited

The Placing Agent has conditionally agreed to place up to 75,720,000 SM Placing Shares, on a best endeavour basis, to the SM Placees. The Placing Agent will receive a placing commission of 1.5% of the aggregate Placing Price of the SM Placing Shares successfully placed by or on behalf of the Placing Agent pursuant to its obligations under the SM Placing Agreement. Such placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market condition.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

SM Placees:

The SM Placing Shares are to be placed to not less than six SM Placees, who and whose ultimate beneficial owners, shall be Independent Third Parties. The Placing Agent undertook that none of the SM Placees would, immediately upon completion of the SM Placing, become a substantial shareholder of the Company.

LETTER FROM THE BOARD

Placing Price:

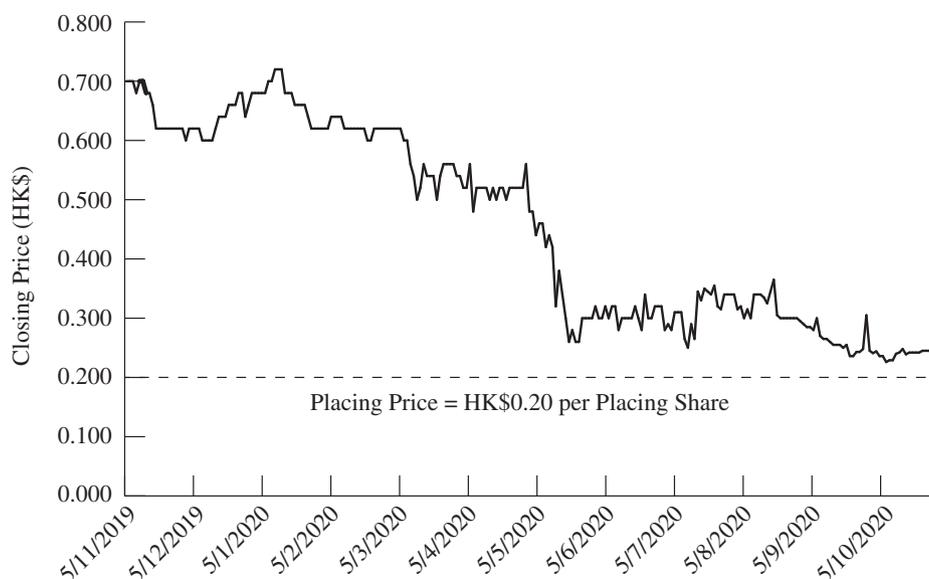
The Placing Price of HK\$0.20 per SM Placing Share is the same as the Placing Price per GM Placing Share and represents:

- (i) a discount of approximately 18.4% to the closing price of HK\$0.245 per Share as quoted on the Stock Exchange on the date of the SM Placing Agreement;
- (ii) a discount of approximately 18.0% to the average closing prices of approximately HK\$0.244 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the SM Placing Agreement; and
- (iii) a discount of approximately 18.4% to the closing price of HK\$0.245 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Placing Price was determined after arm's length negotiation between the Company and the Placing Agent with reference to, among other matters, the prevailing market prices of the Shares and the capital requirement for the future development of the Group.

In determining the Placing Price, the Directors have reviewed the closing prices of the Shares during the period from 5 November 2019 and up to and including the date of the Placing Agreements (being the twelve months period immediately prior to the date of the Placing Agreements) (the "**Review Period**"). The following chart depicts the closing prices of the Shares during the Review Period:

Chart 1: Share price performance during the Review Period



Source: the website of the Stock Exchange

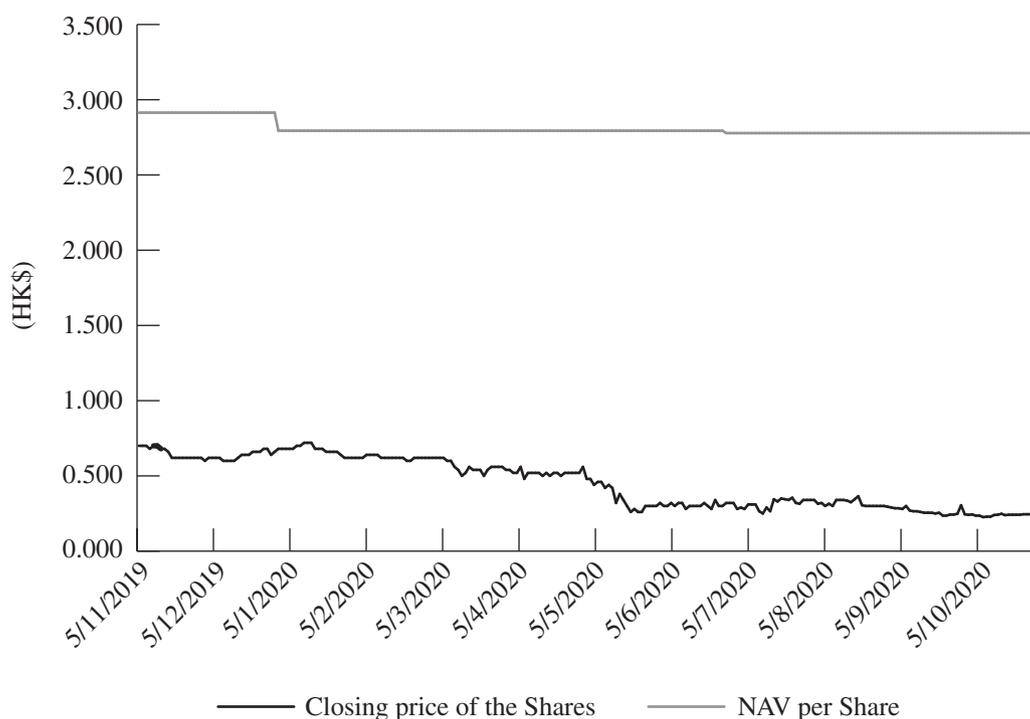
Note: The closing prices of the Shares have been adjusted as a result of the Share Consolidation, which became effective on 6 July 2020 (please refer to the circular of the Company dated 8 June 2020 for further details).

LETTER FROM THE BOARD

As shown in the chart above, the closing prices of the Shares exhibited a general downward trend during the Review Period and ranged from the lowest of HK\$0.226 per Share on 12 October 2020 to the highest of HK\$0.720 per Share (equivalent to HK\$0.036 per pre-consolidation Share prior to the Share Consolidation) on 13 January 2020, 14 January 2020 and 15 January 2020. Taking into account (i) the loss-making position of the Group for the year ended 31 December 2019 and for the six months ended 30 June 2020; (ii) the general downward trend of the Share price during the Review Period; and (iii) the impact from the outbreak of COVID-19, the Directors consider that it is reasonable and necessary to set the Placing Price at a discount to the recent market price so as to attract the investors to participate in the GM Placing and the SM Placing, but in any event the Placing Price should not represent a discount of 20% or more to the benchmarked price of the Shares pursuant to Rule 13.36(5) of the Listing Rules.

The Directors noted that the Placing Price represents a discount of approximately 92.8% to the unaudited equity attributable to owners of the Company (the “NAV”) per Share as at 30 June 2020. The following chart depicts the closing prices of the Shares and the NAV per Share for the Review Period:

Chart 2: Closing price of the Share versus NAV per Share during the Review Period



Source: the website of the Stock Exchange

Notes:

1. The NAV per Share is calculated by dividing the equity attributable to owners of the Company as extracted from the then latest published financial reports of the Company by the total number of issued Shares as at the relevant date.
2. The closing prices of the Shares have been adjusted as a result of the Share Consolidation, which became effective on 6 July 2020 (please refer to the circular of the Company dated 8 June 2020 for further details).

LETTER FROM THE BOARD

Given that (i) the Shares were traded at a deep discount to the NAV per Share throughout the Review Period; and (ii) the recent market price of the Shares have already reflected the expectation of the investors to the Company (such as its financial results and corporate actions) and the recent market sentiment, the Directors consider that it is reasonable to make reference to the market price of the Share, rather than the NAV per Share, in determining the Placing Price and that the discount of the Placing Price to the NAV per Share is justifiable.

The Directors are of the opinion that after taking into account the presently available financial resources, and the proposed proceeds of approximately HK\$22.0 million from the GM Placing and the SM Placing, the Group will have sufficient working capital for its business operation and further development for the next twelve months.

In view of the above, in particular, (i) the closing prices of the Shares exhibited a general downward trend during the Review Period; (ii) it is reasonable and necessary to set the Placing Price at a discount to the recent market price so as to attract the investors to participate in the GM Placing and the SM Placing in view of the Group's loss position for the year ended 31 December 2019 and for the six months ended 30 June 2020, and the impact from the outbreak of COVID-19; and (iii) it is worthwhile and acceptable by diluting the public from approximately 34.95% to approximately 21.84% as a result of completion of the GM Placing and the SM Placing to raise fund of approximately HK\$22.0 million in order to maintain sufficient working capital for the next twelve months and strengthen the innovation capability and competitiveness as well as to enhance the market share of the Group in the umbrella market, the Directors consider that the Placing Price is fair and reasonable.

The Directors consider that the terms of the SM Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Assuming all the SM Placing Shares to be placed under the SM Placing Agreement have been placed, the maximum gross proceeds and the maximum net proceeds (after deduction of commission and other expenses of the SM Placing) from the SM Placing will be approximately HK\$15.1 million and approximately HK\$14.7 million, respectively. On such basis, the net issue price will be approximately HK\$0.194 per SM Placing Share.

SM Placing Shares:

The maximum number of 75,720,000 SM Placing Shares represent (i) approximately 33.33% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) 25% of the issued share capital of the Company as enlarged by the SM Placing Shares (assuming all the SM Placing Shares are placed in full and there is no other change in the shareholding structure of the Company before the issue of the SM Placing Shares). The aggregate nominal value of the SM Placing Shares under the SM Placing (assuming the SM Placing is completed in full) will be HK\$2,423,040.

LETTER FROM THE BOARD

Ranking:

The SM Placing Shares will rank, upon issue, *pari passu* in all respects with the Shares in issue as at the date of allotment and issue of the SM Placing Shares.

Conditions of the SM Placing:

Completion of the SM Placing is conditional upon:

- (i) the Stock Exchange granting the listing of, and permission to deal in, the SM Placing Shares to be placed pursuant to the SM Placing Agreement;
- (ii) the Specific Mandate being obtained at the EGM; and
- (iii) the Increase in Authorised Share Capital being approved by the Shareholders at the EGM.

As at the Latest Practicable Date, none of the conditions has been satisfied.

Each of the Company and the Placing Agent shall use their respective best endeavours to procure satisfaction of the above conditions prior to the date falling on one (1) month after the EGM and in any event not later than six months after the date of the SM Placing Agreement (the “**Initial SM Long Stop Date**”) or such later date as the Company and the Placing Agent may agree in writing (the “**SM Long Stop Date**”). If the above conditions are not satisfied on or before the SM Long Stop Date, all obligations of the Placing Agent and the Company under the SM Placing Agreement shall cease and determine and neither the Placing Agent nor the Company shall have any claim against the other in relation to the SM Placing Agreement (save in respect of any antecedent breaches of any obligation thereunder).

The Specific Mandate will only remain valid up to the Initial SM Long Stop Date. The Company will re-comply with all the applicable Listing Rules requirements (including but not limited to obtaining Shareholders’ approval as required under Rule 13.36(1) of the Listing Rules) in the event of extension of the SM Long Stop Date beyond the Initial SM Long Stop Date.

Completion:

Completion of the SM Placing shall take place within five Business Days after the fulfillment of all the above conditions or on such other date as the Company and the Placing Agent may agree in writing.

Application for listing of the SM Placing Shares:

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the SM Placing Shares.

LETTER FROM THE BOARD

Mandate to issue the SM Placing Shares:

The SM Placing Shares will be allotted and issued pursuant to the Specific Mandate to be obtained at the EGM.

Force majeure:

If any of the following events occur at any time prior to 10:00 a.m. on the date of completion of the SM Placing (the “**SM Placing Completion Date**”), the Placing Agent may (after such consultation with the Company and/or its advisers as the circumstances shall admit or be necessary), by giving a written notice to the Company, at any time prior to the SM Placing Completion Date provided that such notice is received prior to 6:00 p.m. on the day immediately preceding the SM Placing Completion Date, rescind the SM Placing Agreement without liability to the other parties thereto, and the SM Placing Agreement shall thereupon cease to have effect and none of the parties thereto shall have any rights or claims by reason thereof save for any rights or obligations which may accrue under the SM Placing Agreement prior to such termination:

- (a) in the reasonable opinion of the Placing Agent there shall have been since the date of the SM Placing Agreement such a change in national or international financial, political or economic conditions or taxation or exchange controls as would be likely to prejudice materially the consummation of the SM Placing; or
- (b) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any matter whatsoever which may adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (c) any material breach of any of the representations and warranties of the Company comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the SM Placing Agreement and prior to the SM Placing Completion Date which if it had occurred or arisen before the date of the SM Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the SM Placing Agreement; or
- (d) any moratorium, suspension or restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances; or
- (e) there is any adverse change in the financial position of the Company which in the reasonable opinion of the Placing Agent is material in the context of the SM Placing. The Directors are not aware of the occurrence of any of such events as at the Latest Practicable Date.

LETTER FROM THE BOARD

Since completion of the SM Placing is subject to the fulfilment of the condition(s) as set out in the SM Placing Agreement, the SM Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

REASONS FOR THE SM PLACING AND USE OF PROCEEDS

The Group is principally engaged in manufacturing and sale of umbrellas. It is the Group's strategy and commitment to work closely with its customers, continually introduce new reliable designs and functions, and manufacture high quality products. Clients in overseas markets, in particular developed countries like Japan, usually pay great attention to the products' quality. The Directors are of the view that purchasing new production equipment to replace aged and technologically obsolete equipment would be key elements to enhance the Group's competitiveness.

As disclosed in the interim report of the Group for the six months ended 30 June 2020, the operation of the Group has been deteriorating over the past few months due to US-China trade tension. Since January 2020, the COVID-19 pandemic has further hit the operations of the Group's business unexpectedly and has significantly affected the business of the Group. The Group's revenue decreased by approximately 36.5% from approximately RMB319.7 million for the six months ended 30 June 2019 to approximately RMB203.0 million for the six months ended 30 June 2020, and the Group recorded loss attributable to owners of the Company of approximately RMB4.1 million for the six months ended 30 June 2020, compared to profit of approximately RMB3.0 million for the six months ended 30 June 2019. It is expected that the impact of the COVID-19 pandemic on the Group's business will continue in the coming months. According to the management account of the Company for the nine months ended 30 September 2020, the Group's bank balances and cash and fixed time deposits as at 30 September 2020 were approximately RMB2.0 million and approximately RMB59.0 million, respectively.

As disclosed in the announcement of the Company dated 30 April 2019, Wing Wing (Hong Kong) Industrial Limited (the "**Purchaser**", an indirect wholly-owned subsidiary of the Company) and Fu Kun* (付坤)(the "**Vendor**") entered into a sale and purchase agreement (the "**Acquisition Agreement**"), pursuant to which the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the entire equity interest in Jinjiang Jingting Trading Company Limited* (晉江競霆貿易有限公司)("Jinjiang Jingting") for a consideration of RMB29,000,000 (equivalent to approximately HK\$33,930,000) (subject to adjustment). The consideration shall be paid and satisfied by the Company upon completion of the acquisition in the following manner: (i) as to RMB5,000,000 (equivalent to approximately HK\$5,850,000) payable in cash; (ii) as to the remaining balance of RMB24,000,000 (equivalent to approximately HK\$28,080,000) by the issue of the promissory note (the "**Promissory Note**") by the Company. The Promissory Note was subsequently issued by the Company to the Vendor on 23 May 2019. The Promissory Note bears no interest and will become mature on the date falling on the thirty-six (36) months after the date of its issue (i.e. 22 May 2022, the "**Maturity**

LETTER FROM THE BOARD

Date”). During the year ended 31 December 2019, the audited net profit after tax of Jinjiang Jingting did not satisfy the profit guarantee and as a result, the shortfall payment of approximately RMB2,157,000 will be used to set off against part of the outstanding principal amount of the Promissory Note due by the Group in accordance with the terms and conditions stated in the Acquisition Agreement.

Given that it is the contractual obligation of the Company to redeem the Promissory Note (subject to adjustment on the principal amount of the Promissory Note in accordance with the profit guarantee mechanism) on or before the Maturity Date pursuant to the Acquisition Agreement, the Directors consider that the Company should set aside its cash and cash equivalents of approximately RMB21,843,000 (equivalent to approximately HK\$25,556,000) for the redemption of the Promissory Note, and such cash and cash equivalents should be not used for the development of the Group’s businesses and/or general working capital.

Furthermore, according to the management account of the Company for the nine months ended 30 September 2020, the Group’s cash and cash equivalent (comprising bank balances and cash as well as fixed time deposits) as at 30 September 2020 was approximately RMB61.0 million, among which fixed time deposit of approximately RMB43.9 million was pledged to banks for bills payables. Bill payables of approximately RMB50.0 million as at 30 September 2020 have to be repaid within 6 months. Furthermore, the Company requires approximately RMB35.5 million per month for the purchase of raw materials and staff cost. The Directors anticipated that the current available cash and cash equivalents of approximately RMB17.1 million (after deducting the pledged fixed time deposit of approximately RMB43.9 million) might not be sufficient for financing the Group’s development plan (mainly purchasing production equipment and establishing a research and development centre for the Group’s new products) and the Group’s general working capital for the next twelve months. Accordingly, the Directors are of the view that the Company has imminent need to raise fund through the GM Placing and the SM Placing in order to meet the Group’s funding need for the next twelve months.

Save for the GM Placing and the SM Placing, the Directors have also considered other financing alternatives including (i) debt financing; and (ii) other equity fund raising such as rights issue, open offer and placing of convertible bonds. As for debt financing, the Group has approached two banks for the possible bank loan in the amount of HK\$20 million to HK\$25 million. However, the banks expressed that they are unlikely to grant such loan to the Group without guarantees or pledged assets. The Directors are of the view that debt financing will increase the ongoing interest expenses of the Group which may in turn affect the profitability of the Company, and will increase the Group’s gearing ratio. As to rights issue and open offer, the Group has approached three securities firms about the possibility and feasibility of acting as underwriter for rights issue or open offer with the fund-raising size of HK\$20 million to HK\$25 million. All securities firms expressed that they are not prepared, under the current market sentiment, to act as underwriter for rights issue or open offer of the fund-raising size desirable by the Group. As for placing of convertible bonds, the Group has also approached two securities firms about the possibility and feasibility of acting as the placing agent for placing of convertible

LETTER FROM THE BOARD

bonds. Such securities firms asked for placing commission of 3% and requested for the placing price at a discount of not less than 15% and with coupon rate of 4% to 8%. The Directors are of the view that convertible bonds financing will increase the ongoing interest expenses of the Group which may, in turn, affect the profitability and liquidity of the Company. Moreover, if the Share price does not exceed the exercise price of the convertible bonds, the investors might not exercise the conversion right attached to the convertible bonds, which means the Company has to reserve those fund raising capital to redeem the convertible bonds instead of sustaining the Group's business and development. In view of the above, the Directors consider that the GM Placing and the SM Placing are currently the most feasible financing methods to the Company to raise sufficient fund.

The Directors are of the view that the SM Placing can strengthen the financial position of the Group and provide working capital to the Group to meet any future development and obligations. The SM Placing also represents good opportunities to broaden the shareholders' base and the capital base of the Company. Notwithstanding that the shareholding of the existing public Shareholders will be diluted from approximately 34.95% to approximately 21.84% as a result of completion of the GM Placing and the SM Placing, after taking into consideration the facts that (i) the Group has the imminent need to raise sufficient fund for the Group's business development and general working capital; (ii) the GM Placing and the SM Placing are currently the most feasible financing method to the Company to raise sufficient fund; and (iii) the Placing Price is fair and reasonable as discussed above, the Directors consider that the GM Placing and the SM Placing are in the interests of the Company and the Shareholders as a whole.

As disclosed in the announcement of the Company dated 26 November 2020, the condition of the GM Placing has been fulfilled and completion of the GM Placing took place on 26 November 2020. An aggregate of 37,860,000 GM Placing Shares have been successfully placed by the Placing Agent to not less than six Placees at the Placing Price of HK\$0.20 per GM Placing Share. The gross and net proceeds (after deducting the placing commission and other related expenses from the GM Placing) are approximately HK\$7.6 million and approximately HK\$7.3 million, respectively. The Company intends to apply the entire net proceeds from the GM Placing for the general working capital of the Group (mainly for the payment of salaries of the Group's staff).

Assuming all the SM Placing Shares to be placed under the SM Placing Agreement have been placed, the maximum gross proceeds and the maximum net proceeds (after deduction of commission and other expenses of the SM Placing) from the SM Placing will be approximately HK\$15.1 million and approximately HK\$14.7 million, respectively. It is expected that the net proceeds from the SM Placing will be used (i) as to approximately HK\$9.7 million for purchase of production equipment; and (ii) as to approximately HK\$5.0 million for establishment of a research and development center (the "**R&D Center**") for the Group's new products.

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Based on the current business plan of the Group, the Company intends to purchase the following production equipment in order to upgrade its production line and, in turn, improve its productivity:

	Equipment type	No. of unit	Unit price
1.	Three-layer co-extrusion cast film machine (三層共擠流延膜機組)	1	Approximately HK\$3.4 million
2.	Transparent film making machine (透明膜製造機)	1	Approximately HK\$2.9 million
3.	Embossed film making machine (壓花膜製造機)	1	Approximately HK\$1.7 million
4.	Single-layer coating machine production line (單層塗布機生產線)	1	Approximately HK\$1.7 million

Furthermore, in order to improve the variety and quality of the Group's products, the Company plans to establish the R&D Center at the Group's production site located in Jinjiang City, Fujian Province, the PRC. The R&D Center will focus on developing (i) new hydrophobic material for umbrella's canopy where its exceptional water-repelling feature would offer better performance under severe rainstorm and remove all water droplets after a few shakes; and (ii) new lightweight and durable materials for umbrella's canopy and frame, where the canopy fabric is woven in 15 denier, the same thickness as the yarn used for stocking, and the frame is made of carbon fiber and aluminum to reduce the weight but increase the durability. The Directors consider that these new products are extension and/or supplement of the company's existing main products (i.e. POE umbrellas, nylon umbrellas). It would expand the Company's product categories and can also meet the different needs of consumers, especially for those high-end and fashionable consumers.

FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

Save as disclosed below, the Company had not conducted any other equity fund raising activities in the past twelve months immediately preceding the Latest Practicable Date.

Date of announcement	Fund raising activity	Net proceeds raised	Proposed use of Proceeds	Actual use of Proceeds
4 November 2020	GM Placing	approximately HK\$7.3 million	utilised as general working capital of the Group	the net proceeds remained unutilised as at the Latest Practicable Date

LETTER FROM THE BOARD

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The table below illustrates the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) upon completion of the SM Placing (assuming all the SM Placing Shares are placed in full and there is no other change in the shareholding structure of the Company before the issue of the SM Placing Shares) are set out as below:

	As at the Latest Practicable Date		Upon completion of the SM Placing (assuming all the SM Placing Shares are placed in full and there is no other change in the shareholding structure of the Company before the issue of the SM Placing Shares)	
	No. of Shares	%	No. of Shares	%
Jicheng Investment Limited (Note)	123,140,900	54.21	123,140,900	40.66
Public Shareholders				
SM Placees	–	–	75,720,000	25.00
Other public Shareholders	<u>104,019,100</u>	<u>45.79</u>	<u>104,019,100</u>	<u>34.34</u>
Sub-total for public Shareholders	<u>104,019,100</u>	<u>45.79</u>	<u>179,739,100</u>	<u>59.34</u>
Total	<u><u>227,160,000</u></u>	<u><u>100.00</u></u>	<u><u>302,880,000</u></u>	<u><u>100.00</u></u>

Note: Jicheng Investment Limited is wholly and beneficially owned by Mr. Huang Wenji, an executive Director and the chairman of the Board.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the Latest Practicable Date, the authorised share capital of the Company was HK\$10,000,000 divided into 312,500,000 Shares. In order to facilitate the issue of the SM Placing Shares, accommodate the future expansion and growth of the Group and provide the Company with greater flexibility for future expansion in the share capital of the Company, the Directors proposed that the authorised share capital of the Company be increased to HK\$50,000,000 divided into 1,562,500,000 Shares. The proposed Increase in Authorised Share Capital is subject to the approval of the Shareholders by way of an ordinary resolution at the EGM. The Directors are of the view that the Increase in Authorised Share Capital will provide the Company with greater flexibility for future fundraising and expansion in the share capital of the Company, and is therefore in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

The SM Placing

The SM Placing Shares will be issued under the Specific Mandate to be obtained from the Shareholders and therefore the SM Placing will be subject to the Shareholders' approval. To the best knowledge of the Directors, as none of the Shareholders or their associates would have any material interest in the SM Placing, no Shareholder would be required to abstain from voting in favour of the resolution relating to the SM Placing and the Specific Mandate at the EGM.

The Company has not conducted any rights issue or open offer within the 12-month period immediately preceding the Latest Practicable Date, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities within such 12-month period. The GM Placing and the SM Placing, in aggregate, do not result in a theoretical dilution effect of 25% or more. As such, the aggregate theoretical dilution impact of the GM Placing and the SM Placing is in compliance with Rule 7.27B of the Listing Rules.

The Increase in Authorised Share Capital

The Increase in Authorised Share Capital is conditional upon the approval by the Shareholders by way of an ordinary resolution at the EGM. To the best knowledge of the Directors, as none of the Shareholders or their associates would have any material interest in the Increase in Authorised Share Capital, no Shareholder would be required to abstain from voting in favour of the resolution relating to the Increase in Authorised Share Capital at the EGM.

EGM

The EGM is convened to be held on Tuesday, 29 December 2020 at 11:00 a.m. at Portion 2, 12/F, The Center, 99 Queen's Road Central, Central, Hong Kong for the purposes of considering and, if thought fit, approving (i) the SM Placing and granting the Specific Mandate to allot and issue the SM Placing Shares proposed to be placed under the SM Placing; and (ii) the Increase in Authorised Share Capital.

A proxy form for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM in person, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or at any adjourned meeting thereof if you so wish and, in such event, the relevant form of proxy shall be deemed to be revoked.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors consider that the SM Placing Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) and the Increase in Authorised Share Capital are fair and reasonable, and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favor of the relevant resolutions at the EGM.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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 circular 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 circular misleading.

Yours faithfully

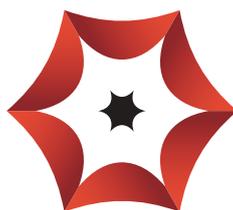
By order of the Board

China Jicheng Holdings Limited

Huang Wenji

Chairman

NOTICE OF EGM



China Jicheng Holdings Limited 中國集成控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1027)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of China Jicheng Holdings Limited (the “Company”) will be held on Tuesday, 29 December 2020 at 11:00 a.m. at Portion 2, 12/F, The Center, 99 Queen’s Road Central, Central, Hong Kong for the purpose of considering and, if thought fit, passing the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. “THAT:

- (a) the entering into of the placing agreement dated 4 November 2020 (the “**SM Placing Agreement**”, a copy of which has been produced to this meeting marked “A” and signed by the chairman of the EGM for the identification purpose) entered into between the Company and Astrum Capital Management Limited (the “**Placing Agent**”) in relation to the placing (the “**SM Placing**”) of up to 75,720,000 new ordinary share(s) of HK\$0.032 each in the share capital of the Company (the “**SM Placing Shares**”, each a “**SM Placing Share**”), on a best endeavour basis, at the placing price of HK\$0.20 per SM Placing Share, and all transactions contemplated thereunder and all other matters thereof and incidental thereto and in connected therewith, be and are hereby generally and unconditionally approved, confirmed and ratified in all respects;
- (b) conditional upon the listing committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the SM Placing Shares to be allotted and issued, the directors of the Company (the “**Directors**”) be and are hereby granted a specific mandate (the “**Specific Mandate**”) to allot, issue and deal with the SM Placing Shares on the term and subject to the conditions of the SM Placing Agreement, provided that such Specific Mandate being additional to and not prejudicing or revoking any general or specific mandate(s) which has/have been granted or may from time to time be granted to the Directors by the shareholders of the Company prior to the passing of this resolution; and

NOTICE OF EGM

- (c) any one Directors be and are hereby generally and unconditionally authorised to do all such acts or things and execute (including under common seal where applicable) and deliver all such documents, instruments and agreements which they consider necessary, desirable or expedient to give effect to or otherwise in connection with the SM Placing Agreement and the transactions contemplated thereunder, and the allotment and issue of the SM Placing Shares under the Specific Mandate, and to agree to such variation, amendments or waiver of matters relating thereto as are, in the opinion of the Directors, in the interests of the Company.”

2. **“THAT:**

- (a) the authorised share capital of the Company be and is hereby increased from HK\$10,000,000 divided into 312,500,000 shares of HK\$0.032 each (the “**Shares**”) to HK\$50,000,000 divided into 1,562,500,000 Shares by creating an additional 1,250,000,000 Shares (the “**Increase in Authorised Share Capital**”); and
- (b) any one Directors be and is/are hereby authorised to do all such acts and things and execute all such documents which he/she/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Increase in Authorised Share Capital.”

By order of the Board
China Jicheng Holdings Limited
Huang Wenji
Chairman

Fujian Province, the PRC, 11 December 2020

Registered office:

Clifton House
75 Fort Street
Grand Cayman
KY1-1108
Cayman Islands

Head office and principal place of business in the PRC:

Yonghe Industrial Section
Yonghe Town
Jinjiang City
Fujian Province
the PRC

NOTICE OF EGM

Principal place of business in Hong Kong:

Room 904, Loon Kee Building
275 Des Voeux Road Central
Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the EGM is entitled to appoint one or, if he is the holder of two or more shares, more proxies to attend and vote instead of him. A proxy needs not be a member of the Company.
2. In the case of joint holders of shares in the Company, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such shares as if he were solely entitled thereto; but if more than one of such joint holders be present at the EGM personally or by proxy, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s), seniority being determined by the order in which names stand in the register of members of the Company in respect of the joint holding.
3. In order to be valid, the form of proxy must be in writing under the hand of the appointor or of his attorney duly authorized in writing, or if the appointor is a corporation, either under seal, or under the hand of an officer or attorney or other person duly authorized, and must be deposited with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong (together with the power of attorney or other authority, if any, under which it is signed or a certified copy thereof) not less than 48 hours before the time fixed for holding of the EGM.
4. For the purpose of ascertaining the right of shareholders of the Company to attend and vote at the EGM, all transfers documents accompanied by the relevant share certificates must be deposited with the Company's branch share registrar and transfer office in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration not later than 4:00 p.m. on Tuesday, 22 December 2020.
5. Completion and return of the form of proxy will not preclude members from attending and voting at the EGM and in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. In compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, all resolutions to be proposed at the EGM convened by this notice will be voted on by way of poll.

As at the date of this notice, the executive Directors are Huang Wenji, Yang Guang, Lin Zhenshuang and Chung Kin Hung, Kenneth; and the independent non-executive Directors are Tso Sze Wai, Yang Xuetai and Lee Kit Ying, Winnie.