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百仕達控股有限公司\*

SINOLINK WORLDWIDE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1168)

ASIA PACIFIC PROMOTION LIMITED

(Incorporated in the British Virgin Islands

with limited liability)

## JOINT ANNOUNCEMENT

**(1) PROPOSED RIGHTS  
ISSUE OF RIGHTS SHARES  
ON THE BASIS OF  
FOUR RIGHTS SHARES  
FOR EVERY FIVE EXISTING  
SHARES AT HK\$0.28  
PER RIGHTS SHARE ON  
A NON-UNDERWRITTEN BASIS**

**(2) APPLICATION  
FOR WHITEWASH WAIVER**

**(3) APPOINTMENT OF  
INDEPENDENT FINANCIAL ADVISER**

**(4) CLOSURE OF REGISTER  
OF MEMBERS**

**AND**

**(5) PROPOSED INCREASE IN  
AUTHORISED SHARE CAPITAL**

**Independent Financial Adviser to  
the Listing Rules Independent Board  
Committee, the Takeovers Code  
Independent Board Committee  
and Independent Shareholders**



**Lego Corporate  
Finance Limited**  
力高企業融資有限公司

**(1) PROPOSED SUBSCRIPTION  
FOR RIGHTS SHARES BY  
THE CONTROLLING  
SHAREHOLDER**

**AND**

**(2) APPLICATION  
FOR WHITEWASH WAIVER**

**Financial adviser to  
the Controlling Shareholder**



## **PROPOSED RIGHTS ISSUE**

The Company proposed, subject to, among others, the Authorised Share Capital Increase becoming effective, to raise not more than approximately HK\$818.7 million and not less than approximately HK\$356.2 million, before expenses, by way of the Rights Issue to the Qualifying Shareholders. The Rights Issue involves the issue of not less than 1,272,226,600 Rights Shares and not more than 2,924,090,264 Rights Shares at the Subscription Price of HK\$0.28 per Rights Share on the basis of four Rights Shares for every five existing Shares in issue on the Record Date. The Rights Shares will not be issued to the Non-Qualifying Shareholders. Fractional entitlements will not be allotted but will be aggregated (and rounded down to the nearest whole number) and sold for the benefit of the Company. The net proceeds from the Rights Issue after deducting the expenses are estimated to be not more than approximately HK\$813.7 million and not less than approximately HK\$351.2 million.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares and the level of subscription of the excess Rights Shares. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

To qualify for the Rights Issue, a Qualifying Shareholder must be registered as a member of the Company on the Record Date. In order to be registered as member 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 Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by not later than 4:30 p.m. on February 22, 2021, (Monday). It is expected that the last day of dealings in the Shares on a cum-rights basis is February 18, 2021, (Thursday) and the Shares will be dealt with on an ex-rights basis from February 19, 2021, (Friday).

## **UNDERTAKINGS BY THE CONTROLLING SHAREHOLDER**

The Controlling Shareholder has on January 6, 2021 (after trading hours of the Stock Exchange) entered into an irrevocable undertaking in favour of the Company whereupon, among others, it will accept in full the Rights Shares to be provisionally allotted to it under the Rights Issue of 1,272,226,600 Rights Shares (being all of the assured entitlement of the Controlling Shareholder under the Rights Issue based on the existing shareholding structure of the Company, assuming that there will not be any change to the shareholding structure from the date of this joint announcement up to and including the Record Date). The Controlling Shareholder, as at the date of this joint announcement, is interested in an aggregate of 1,590,283,250 Shares, representing approximately 44.91% of the existing issued share capital of the Company, and the full amount payable by the Controlling Shareholder in respect of such Rights Shares provisionally allotted to it amount to not less than HK\$356.2 million.

The Controlling Shareholder confirmed that it intends to apply for excess Rights Shares if there is an undersubscription of the Rights Issue.

## **CONFIRMATION OF FINANCIAL RESOURCES**

CMB International Capital Limited has been appointed as the financial adviser to the Controlling Shareholder in respect of the Rights Issue and the Possible Offer and is satisfied that sufficient financial resources are available to the Controlling Shareholder (A) for subscription of Rights Shares pursuant to the Undertaking and such number of excess Rights Shares which will trigger the 2% “creeper rule” under Rule 26.1(c) of the Takeovers Code and (B) to satisfy full acceptance of the Possible Offer (assuming (i) other than all the outstanding Share Options being exercised in full, there is no change to the number of issued Shares on or before the Record Date; (ii) other members of the Controlling Shareholder Concert Group have not taken up their Rights Shares entitlement; and (iii) all Rights Shares are issued).

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

**THE RIGHTS ISSUE IS SUBJECT TO CERTAIN CONDITIONS INCLUDING BUT NOT LIMITED TO THE APPROVAL OF THE RIGHTS ISSUE BY THE INDEPENDENT SHAREHOLDERS AT THE GM. IT IS EXPECTED THAT SHARES WILL BE DEALT WITH ON AN EX-RIGHTS BASIS FROM FEBRUARY 19, 2021, (FRIDAY). THE RIGHTS SHARES WILL BE DEALT WITH IN THEIR NIL-PAID FORM FROM MARCH 4, 2021, (THURSDAY) TO MARCH 11, 2021, (THURSDAY). IF THE APPROVAL OF THE RIGHTS ISSUE BY THE INDEPENDENT SHAREHOLDERS AT THE GM IS NOT OBTAINED, THE RIGHTS ISSUE WILL NOT PROCEED.**

**ANY SHAREHOLDER OR OTHER PERSON CONTEMPLATING TRANSFERRING, SELLING OR PURCHASING SHARES AND/OR RIGHTS SHARES IN THEIR NIL-PAID FORM IS ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SHARES AND/OR RIGHTS SHARES. ANY PERSON WHO IS IN ANY DOUBT ABOUT HIS/HER/ITS POSITION OR ANY ACTION TO BE TAKEN IS RECOMMENDED TO CONSULT HIS/HER/ITS OWN PROFESSIONAL ADVISER(S). ANY SHAREHOLDER OR OTHER PERSON DEALING IN THE SHARES OR IN THE NIL-PAID RIGHTS SHARES UP TO THE DATE ON WHICH ALL THE CONDITIONS TO WHICH THE RIGHTS ISSUE IS SUBJECT ARE FULFILLED WILL ACCORDINGLY BEAR THE RISK THAT THE RIGHTS ISSUE MAY NOT PROCEED.**

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from February 9, 2021, (Tuesday) to February 17, 2021, (Wednesday) (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the GM.

The register of members of the Company will be closed from February 23, 2021, (Tuesday) to March 1, 2021, (Monday) (both days inclusive) for determining the entitlements under the Rights Issue.

No transfer of Shares will be registered during the above book closure periods.

## **IMPLICATIONS UNDER THE TAKEOVERS CODE AND APPLICATION FOR WHITEWASH WAIVER**

As at the date of this joint announcement, the Controlling Shareholder Concert Group, is the legal and beneficial owners of a total of 1,597,568,660 Shares, representing approximately 45.11% of the entire issued share capital of the Company, which is not less than 30% and not more than 50%, therefore the Controlling Shareholder Concert Group is subject to the 2% “creeper rule” under Rule 26.1(c) and (d) of the Takeovers Code.

Assuming (i) there is no change to the number of issued Shares on or before the Record Date; (ii) none of the Qualifying Shareholders other than the Controlling Shareholder has taken up its entitlements under the Rights Issue; and (iii) the Controlling Shareholder Concert Group has not applied for any excess Rights Shares or is not allotted any Rights Shares under EAF and the Controlling Shareholder has accepted all Rights Shares provisionally allotted to it pursuant to the Undertaking, being 1,272,226,600 Rights Shares, the interests in the Company held by the Controlling Shareholder Concert Group, together with the parties acting in concert with it, upon the close of the Rights Issue will increase from the current level of approximately 45.11% to approximately 59.62% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

Assuming (i) there is no change to the number of issued Shares on or before the Record Date; (ii) none of the Qualifying Shareholders other than the Controlling Shareholder Concert Group has taken up its entitlements under the Rights Issue; and (iii) the Controlling Shareholder Concert Group has applied for and successfully been allotted the maximum number of excess Rights Shares allowed pursuant to Rule 7.21(3)(b) of the Listing Rules, being 1,560,663,665 Rights Shares, the interests in the Company held by the Controlling Shareholder Concert Group upon the close of the Rights Issue will increase from the current level of approximately 45.11% to approximately 69.51% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

An application will be made to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Executive may or may not grant the Whitewash Waiver, and if granted, the Whitewash Waiver will be subject to approval by at least 75% of the votes cast by Independent Shareholders at the GM.

**In the event that the Whitewash Waiver is not granted by the Executive and/or not approved by at least 75 % of the votes cast by Independent Shareholders at the GM and the Rights Issue is approved by at least 50 % of the votes cast by the Independent Shareholder at the GM, the Rights Issue will proceed in the absence of the Whitewash Waiver. In that case, if there is undersubscription of the Rights Issue and/or the Controlling Shareholder Concert Group has applied for and successfully been allotted excess Rights Shares resulting in an increase in the holding of voting rights in the Company of the Controlling Shareholder Concert Group by more than 2%, the Controlling Shareholder Concert Group will make the Possible Offer in compliance with the Takeovers Code. The Possible Offer, if made, will be made on terms set out in the offer document (which is expected to be part of a Composite Document) to be issued in accordance with the Takeovers Code. Relevant announcement(s) will be made by the Controlling Shareholder Concert Group and the Company in compliance with the Listing Rules and the Takeovers Code as and when appropriate.**

As at the date of this announcement, the Company does not believe that the proposed Rights Issue gives rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this joint announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the circular relating to the Rights Issue and the Whitewash Waiver. The Company notes that the Executive may not grant the Whitewash Waiver if the proposed Rights Issue does not comply with other applicable rules and regulations.

## **IMPLICATIONS UNDER THE LISTING RULES**

### **Rights Issue**

In accordance with Rule 7.19A(1) of the Listing Rules, as the Rights Issue may increase the number of issued Shares by more than 50%, the Rights Issue is subject to the approval of the Independent Shareholders at the GM by way of poll. Pursuant to Rule 7.27A of the Listing Rules, the Rights Issue must be made conditional on approval by the Shareholders in general meeting by a resolution on which the controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue. The Controlling Shareholder Concert Group, is interested in an aggregate of 1,597,568,660 Shares, representing approximately 45.11% of the total number of the existing issued Shares as at the date of this joint announcement, shall abstain from voting in respect of the resolution relating to the Rights Issue.

### **Authorised Share Capital Increase**

The Authorised Share Capital Increase is conditional upon the approval by the Shareholders by way of an ordinary resolution at the GM. As none of the Shareholders or their associates would have any interest in the Authorised Share Capital Increase, no Shareholder would be required under the Listing Rules to abstain from voting in favour of the resolution(s) relating to the Authorised Share Capital Increase at the GM.



## GENERAL

Under the Takeovers Code, the Whitewash Waiver is conditional on, among other matters, approval of the Authorised Share Capital Increase, the Rights Issue and the Whitewash Waiver by the Independent Shareholders at the GM. The resolution(s) proposed to be voted at the GM will be conducted by way of poll. The resolution(s) in relation to the Whitewash Waiver shall be approved by at least 75% of the independent votes by the Independent Shareholders at the GM.

Pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code, as the Controlling Shareholder Concert Group is interested in the Whitewash Waiver, it is required to abstain from voting on the resolution to be proposed at the GM in relation to the Whitewash Waiver. Save for the Controlling Shareholder Concert Group, no Shareholder is involved in or interested in the Rights Issue and/or the Whitewash Waiver which requires him/her/it to abstain from voting on the relevant resolution(s) at the GM.

The Listing Rules Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and in the interest of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote at the GM. The Takeovers Code Independent Board Committee comprising all the non-executive Directors (other than Mr. Ou and Mr. Ou Jin Yi Hugo who are non-executive Directors but not part of the Takeovers Code Independent Board Committee since they are members of the Controlling Shareholder Concert Group), namely Mr. Tang Yui Man Francis, Mr. Tian Jin, Dr. Xiang Bing and Mr. Xin Luo Lin, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue and the Whitewash Waiver are fair and reasonable and in the interest of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote at the GM.

The IFA has been appointed to advise the Listing Rules Independent Board Committee, the Takeovers Code Independent Board Committee and the Independent Shareholders in relation to the terms of the Rights Issue and the Whitewash Waiver and such appointment has been approved by the Listing Rules Independent Board Committee and the Takeovers Code Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code. The Listing Rules Independent Board Committee and the Takeovers Code Independent Board Committee will formulate their views with respect to the terms of the Rights Issue and the Whitewash Waiver after obtaining and considering the advice of the IFA.

A circular containing, among other matters, (i) the Rights Issue and the Whitewash Waiver; (ii) letter of recommendation from the Listing Rules Independent Board Committee to the Independent Shareholders in relation to the Rights Issue; (iii) letter of recommendation from the Takeovers Code Independent Board Committee to the Independent Shareholders in relation to the Rights Issue and the Whitewash Waiver; (iv) a letter of advice from the IFA to the Listing Rules Independent Board Committee, the Takeovers Code Independent Board Committee and the Independent Shareholders in relation to the Rights Issue and the Whitewash Waiver; and (v) a notice of the GM, shall be despatched within 21 days of the date of this joint announcement (i.e. on or before January 27, 2021).

Upon the approval by the Independent Shareholders of the Rights Issue, the Prospectus Documents will be despatched to the Qualifying Shareholders as soon as practicable. The Overseas Letter and the Prospectus, without the PALs, will be sent to the Non-Qualifying Shareholders (if any) for their information only.

### **ADJUSTMENTS TO EXERCISE PRICE AND NUMBER OF THE SHARE OPTIONS**

Adjustments to the exercise price and number of the outstanding Share Options may be required under the relevant terms of the instrument constituting the Share Option Scheme. Further announcement(s) will be made by the Company in this regard.

### **APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

The IFA has been appointed to advise the Takeovers Code Independent Board Committee, the Listing Rules Independent Board Committee and the Independent Shareholders in relation to the terms of the Rights Issue and the Whitewash Waiver and such appointment has been approved by the Takeovers Code Independent Board Committee and the Listing Rules Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code. The Takeovers Code Independent Board Committee and the Listing Rules Independent Board Committee will formulate their views with respect to the terms of the Rights Issue and the Whitewash Waiver after obtaining and considering the advice of the IFA.

### **PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

The Board proposes to seek the approval by way of an ordinary resolution at the GM by Shareholders of an increase in its authorised share capital from HK\$600,000,000 divided into 6,000,000,000 Shares to HK\$1,500,000,000 divided into 15,000,000,000 Shares by creating an additional 9,000,000,000 unissued Shares.

## **PROPOSED RIGHTS ISSUE**

The Rights Issue is proposed to take place with the terms summarised below:

### **Issue statistics**

Basis of the Rights Issue	:	Four (4) Rights Shares for every five (5) existing Shares held on the Record Date
Subscription Price	:	HK\$0.28 per Rights Share
Number of the existing Shares in issue as at the date of this joint announcement	:	3,541,112,832 Shares



Minimum number of Rights Shares	:	1,272,226,600 Rights Shares (assuming (i) there is no change to the number of issued Shares on or before the Record Date; (ii) none of the Qualifying Shareholders other than the Controlling Shareholder has taken up its entitlements under the Rights Issue; and (iii) the Controlling Shareholder has not applied for any excess Rights Shares or is not allotted any Rights Shares under EAF and the Controlling Shareholder has accepted all Rights Shares provisionally allotted to it pursuant to the Undertaking)
Maximum number of Rights Shares	:	2,924,090,264 Rights Shares (assuming (i) other than all the outstanding Share Options being exercised in full, there is no change to the number of issued Shares on or before the Record Date; and (ii) all Qualifying Shareholders have taken up their entitlements under the Rights Issue) (i.e. 2,832,890,264 Shares plus the outstanding exercisable Share Options carrying the right to subscribe for a total number of 91,200,000 Rights Shares)
Maximum and minimum aggregate nominal value of the Rights Shares to be issued	:	No more than HK\$292,409,026.4 and no less than HK\$127,222,660.0
Minimum enlarged issued share capital upon completion of the Rights Issue	:	4,813,339,432 Shares (assuming (i) there is no change to the number of issued Shares on or before the Record Date; (ii) none of the Qualifying Shareholders other than the Controlling Shareholder has taken up its entitlements under the Rights Issue; and (iii) the Controlling Shareholder has not applied for any excess Rights Shares or is not allotted any Rights Shares under EAF and the Controlling Shareholder has accepted all Rights Shares provisionally allotted to it pursuant to the Undertaking)
Maximum enlarged issued share capital upon completion of the Rights Issue	:	6,579,203,096 Shares (assuming (i) other than all the outstanding Share Options being exercised in full, there is no change to the number of issued Shares on or before the Record Date; and (ii) all Qualifying Shareholders have taken up their entitlements under the Rights Issue)
Funds to be raised before expenses	:	Not more than approximately HK\$818.7 million and not less than approximately HK\$356.2 million

As at the date of this joint announcement, there are outstanding Share Options carrying the right to subscribe for a total number of 114,000,000 Shares at an exercise price of HK\$1.37 per Share, of which 57,000,000 Shares are exercisable from November 15, 2015 to May 14, 2025 (both dates inclusive); 48,250,000 Shares are exercisable from May 15, 2016 to May 14, 2025 (both dates inclusive); and 8,750,000 Shares are exercisable from November 15, 2016 to May 14, 2025 (both dates inclusive) granted and exercisable under the Share Option Scheme. 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 joint announcement. As at the date of this joint announcement, the Company has no intention to issue or grant any options, warrants or other convertible securities on or before the Record Date.

Assuming (i) there is no change to the number of issued Shares on or before the Record Date; (ii) none of the Shareholders other than the Controlling Shareholder has taken up its entitlements under the Rights Issue; and (iii) the Controlling Shareholder has not applied for any excess Rights Shares or is not allotted any Rights Shares under EAF and the Controlling Shareholder has accepted all Rights Shares provisionally allotted to it pursuant to the Undertaking, the minimum number of 1,272,226,600 Rights Shares to be issued pursuant to the terms of the Rights Issue represents approximately 35.93% of the total number of the existing issued Shares of 3,541,112,832 as at the date of this joint announcement and approximately 26.43% of the total number of the issued Shares of 4,813,339,432, as enlarged by the allotment and issue of the Rights Shares immediately upon completion of the Rights Issue.

Assuming (i) other than all the outstanding Share Options being exercised in full, there is no change to the number of issued Shares on or before the Record Date; and (ii) all Shareholders has taken up its entitlements under the Rights Issue, the maximum number of 2,924,090,264 Rights Shares to be issued pursuant to the terms of the Rights Issue represents approximately 82.58% of the total number of the existing issued Shares of 3,541,112,832 as at the date of this joint announcement and approximately 44.44% of the issued Shares of 6,579,203,096 as enlarged by the allotment and issue of all the Rights Shares immediately upon completion of the Rights Issue.

### **Subscription Price**

The subscription price of HK\$0.28 per Rights Share is payable in full when a Qualifying Shareholder accepts his/her/its provisional allotment under the Rights Issue or when a transferee of nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 42.86% to the closing price of HK\$0.49 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 45.21% to the average of the closing prices per Share as quoted on the Stock Exchange for the five previous consecutive trading days up to and including the Last Trading Day of HK\$0.511;

- (iii) a discount of approximately 45.04% to the average of the closing prices per Share as quoted on the Stock Exchange for the ten previous consecutive trading days up to and including the Last Trading Day of HK\$0.5094;
- (iv) a discount of approximately 31.37% to the theoretical ex-rights price of approximately HK\$0.408 per Share based on the closing price of HK\$0.49 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a discount of approximately 84.94% to the audited consolidated net asset value attributable to the Shareholders as at December 31, 2019 as extracted from the annual report of the Company for the year ended December 31, 2019 of approximately HK\$1.859 per Share;
- (vi) a discount of approximately 84.99% to the consolidated unaudited net asset value attributable to the Shareholders as at June 30, 2020 as extracted from the interim report of the Company for the six months ended June 30, 2020 of approximately HK\$1.865 per Share; and
- (vii) a theoretical dilution effect of approximately 20.09% to the existing Shareholders if they elect not to participate in the Rights Issue, which is calculated based on the benchmark price of approximately HK\$0.511 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price of the Last Trading Day of HK\$0.49 per Share and the average of the closing prices per Share as quoted on the Stock Exchange for the five previous consecutive trading days up to and including the Last Trading Day of HK\$0.511 per Share).

The Subscription Price and the subscription ratio of the Rights Issue were determined by the Board with reference to, among other things, the amount of intended funding needs, the financial conditions of the Group, current market conditions, the market price of the Shares prior to and including the Last Trading Day and the reasons for and benefits of the Rights Issue as discussed in the paragraph headed “Reasons for the Rights Issue” in this joint announcement. Each Qualifying Shareholder will be entitled to subscribe for the Rights Shares at the same Subscription Price in proportion to his/her/its shareholding held on the Record Date.

In view of the above, the Directors (excluding members of the Listing Rules Independent Board Committee and Takeovers Code Independent Board Committee whose opinion will be set forth in the circular of the Company after having been advised by the IFA) consider the terms of the Rights Issue, including the Subscription Price (and the discounts to the relative values as indicated above), are fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

### **Non-underwritten basis**

Subject to the fulfillment 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 and the level of subscription of the excess Rights Shares. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

The legal adviser of the Company has confirmed that there are no applicable statutory requirements under the Companies Act 1981 of Bermuda regarding minimum subscription levels in respect of the Rights Issue.

The Controlling Shareholder Concert Group's obligation to make a general offer under the Takeovers Code may be triggered as a result of the acceptance in full by it of the provisional allotment of Rights Shares to it pursuant to the Undertaking and/or the allotment of excess Rights Shares to the Controlling Shareholder Concert Group upon successful excess application when there is an undersubscription of the Rights Issue.

Apart from the Controlling Shareholder Concert Group, assuming (i) there is no change in the number of issued Shares on or before the Record Date; and (ii) the Controlling Shareholder has taken up its entitlements under the Rights Issue, the maximum number of excess Rights Shares that a Qualifying Shareholder may apply for and could be successfully allotted under the EAFs would be 1,560,663,664, representing approximately 24.48% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

In respect of a Qualifying Shareholder holding 5.52% or less Shares in the Company upon completion of the Rights Issue, the application for, and the successful allotment of, the maximum number of excess Rights Shares of 1,560,663,664 under EAFs to such Qualifying Shareholder will not result in such Qualifying Shareholder unwittingly incur an obligation to make a general offer under the Takeovers Code.

On the other hand, in respect of a Qualifying Shareholder holding 5.52% or more Shares in the Company upon completion of the Rights Issue, the application for, and the successful allotment of, the maximum number of excess Rights Shares of 1,560,663,664 under EAFs to such Qualifying Shareholder may result in such Qualifying Shareholder unwittingly incur an obligation to make a general offer under the Takeovers Code. If such Qualifying Shareholder intends to apply for a whitewash waiver from the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code, such Qualifying Shareholder shall contact the Company forthwith and the Company shall provide such Qualifying Shareholder assistance needed in the same way the Company provides assistance to the Controlling Shareholder in respect of the Whitewash Waiver.

Accordingly, the Rights Issue will be made on the term that the Company will provide for Shareholders (except for Shareholder(s) who will apply for a whitewash waiver from the Executive to waive the obligation to make a general offer under the Takeovers Code) to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (other than Shareholder(s) who have applied for a whitewash waiver) for his/her/its assured entitlement under the Rights Issue or for excess Rights Shares under the EAF will 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:

- (a) the approval by Independent Shareholders of the Rights Issue, including the allotment and issue of the Rights Shares (in their nil-paid and fully-paid forms) at the GM;
- (b) the approval by the Shareholders of the Authorised Share Capital Increase at the GM;
- (c) the delivery to the Stock Exchange and registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) not later than the Prospectus Date and otherwise in compliance with the Listing Rules and section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong);
- (d) the posting of the Prospectus Documents to Qualifying Shareholders and the posting of the Prospectus stamped “For Information Only” to the Non-Qualifying Shareholders, if any, for information purpose only on or before the Prospectus Date;
- (e) the Listing Committee of the Stock Exchange granting or agreeing to grant and not having withdrawn or revoked the listing of, and permission to deal in, the Shares and the Rights Shares in nil-paid and fully-paid forms; and
- (f) the Authorised Share Capital Increase having become effective.

All of the conditions are incapable of being waived. If the conditions above are not satisfied on or before the Long Stop Date, the Rights Issue shall be terminated.

As at the date of this joint announcement, none of the above conditions has been fulfilled.

## **Status of the Rights Shares**

The Rights Shares (when allotted, issued and fully-paid) will rank *pari passu* in all respects with the existing Shares in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid with a record date falling after the date of allotment and issue of the Rights Shares in their fully-paid form.

## **Qualifying Shareholders**

To qualify for the Rights Issue, a Qualifying Shareholder must be registered as a member of the Company on the Record Date and not being a Non-Qualifying Shareholder. 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, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by not later than 4:30 p.m. on February 22, 2021, (Monday). It is expected that the last day of dealings in the Shares on a cum-rights basis is February 18, 2021, (Thursday) and the Shares will be dealt with on an ex-rights basis from February 19, 2021, (Friday).

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

## **Rights of Overseas Shareholders**

The Prospectus Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. The Board will make enquiry regarding the legal restrictions under the laws of the relevant overseas places and the requirements of the relevant regulatory body or stock exchange pursuant to Rule 13.36(2)(a) of the Listing Rules. If, after making such enquiry and based on legal opinion provided by the legal advisers to the Company, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to any Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in the relevant place(s), no offer of the Rights Shares will be made to such Overseas Shareholders. Overseas Shareholders may not be eligible to take part in the Rights Issue.

The Company will send copies of the Overseas Letter and the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send the PAL or EAF to them.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form, to be sold as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, of more than HK\$100, will be paid pro rata (but rounded down to the nearest cent) to the relevant Non-Qualifying Shareholders to their shareholdings held on the Record Date in Hong Kong dollars. In light of administrative expenses, the Company will retain individual amounts of less than HK\$100 for its own benefit.

Any unsold entitlements of the Non-Qualifying Shareholders will be made available for excess application by the Qualifying Shareholders. For the avoidance of doubt, the Non-Qualifying Shareholders will be entitled to vote at the GM unless such person is an associate of the Controlling Shareholder or acting in concert with the Controlling Shareholder or is otherwise not an Independent Shareholder.



**The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.**

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

Qualifying Shareholders will be entitled to apply for any Rights Share in excess of their respective assured entitlements created by (i) any unsold Right Shares created by aggregating fractions of the Rights Shares, (ii) any unsold entitlements to the Right Shares of the Non-Qualifying Shareholders (if any) 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. (i) to (iii) are collectively referred to as “Untaken Rights”.

Applications for excess Rights Shares may be made by completing an EAF and lodging the same with a separate remittance for the full amount payable for the excess Rights Shares being applied for. The Directors will allocate the excess Rights Shares (if any) at their discretion on a fair and equitable basis and as far as practicable on a pro rata basis by reference to the number of excess Rights Shares applied for under each application. No reference will be made to the Rights Shares subscribed through applications by PALs or the existing number of Shares held by such Qualifying Shareholders. No preference will be given to applications for topping-up odd lots to whole board lots.

Beneficial Owners whose Shares are held by a nominee (or held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company. Accordingly, such Beneficial Owners should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to them individually. Beneficial Owners whose Shares are held by a nominee (or held in CCASS) are advised to consider whether they would like to arrange for the registration of their relevant Shares under their names before the Record Date. Beneficial Owners whose Shares are held by a nominee (or which are held in CCASS) and who would like to have their names registered on the register of members of the Company must lodge all necessary documents with the Registrar by 4:30 p.m. on the Last Day for Transfer.

Pursuant to Rule 7.21(3)(b) of the Listing Rules, the Company will also take steps to identify the applications for excess Rights Shares made by the 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 Rights 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 underlying the Untaken Rights is smaller than the aggregate number of excess Rights Shares being applied for under EAFs, the Directors will allocate the excess Rights Shares (if any) at their discretion on a fair and equitable basis and as far as practicable on a pro rata basis by reference to the number of excess Rights Shares applied for under each application. No reference will be made to the Rights Shares subscribed through applications by PALs or the existing number of Shares held by such Qualifying Shareholders. No preference will be given to applications for topping-up odd lots to whole board lots.

If the aggregate number of Rights Shares underlying the Untaken Rights 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.

The Controlling Shareholder confirmed that it intends to apply for excess Rights Shares if there is an undersubscription of the Rights Issue. Pursuant to Rule 7.21(3)(b), assuming (i) there is no change in the number of issued Shares on or before the Record Date; and (ii) none of the Qualifying Shareholders other than the Controlling Shareholder has taken up its entitlements under the Rights Issue, the maximum number of excess Rights Shares that the Controlling Shareholder may apply for would be 1,560,663,664 Rights Shares.

### **Fractional entitlement to the Rights Shares**

The Company will not provisionally allot fractions of Rights Shares. All fractions of Rights Shares will be aggregated (and rounded down to the nearest whole number) and sold in the market and, if a premium (net of expenses) can be achieved, the Company will keep the net proceeds for its own benefit. Any unsold fractions of Rights Shares will be available for excess application by the Qualifying Shareholders.

### **Application for listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. Nil-paid Rights Shares are expected to be traded in board lots of 2,000. No part of the securities of the Company in issue or for which listing or permission to deal is being or is proposed to be sought is listed or dealt in or on any other stock exchange.

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

### **Share Certificates for the Rights Shares**

Subject to the fulfilment of the conditions of the Rights Issue as set out below, certificates for all fully-paid Rights Shares are expected to be sent by ordinary post on or before March 24, 2021, (Wednesday) to those persons who have validly accepted and, where applicable, applied for, and paid for the Rights Shares, at their own risk.

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

Subject to the granting of listing of, and permission to deal in, the Rights Shares in both 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 commencement date of dealings in the Rights 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. 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.

## **Undertaking by the Controlling Shareholder**

The Controlling Shareholder has on January 6, 2021 (after trading hours of the Stock Exchange) entered into an irrevocable undertaking in favour of the Company whereupon, among others, it will accept in full the Rights Shares to be provisionally allotted to it under the Rights Issue of 1,272,226,600 Rights Shares (being all of the assured entitlement of the Controlling Shareholder under the Rights Issue based on the existing shareholding structure of the Company, assuming that there will not be any change to the shareholding structure from the date of this joint announcement up to and including the Record Date). The Controlling Shareholder, as at the date of this joint announcement, is interested in an aggregate of 1,590,283,250 Shares, representing approximately 44.91% of the existing issued share capital of the Company, and the full amount payable by the Controlling Shareholder in respect of such Rights Shares provisionally allotted to it amount to not less than HK\$356.2 million.

The Controlling Shareholder confirmed that it intends to apply for excess Rights Shares if there will be an undersubscription of the Rights Issue.

## **Confirmation of Financial Resources**

The financial resources required by the Controlling Shareholder (A) for subscription of Rights Shares pursuant to the Undertaking and such number of excess Rights Shares which will trigger the 2% “creeper rule” under Rule 26.1(c) of the Takeovers Code amount to approximately HK\$402.5 million and (B) to satisfy full acceptance of the Possible Offer (assuming (i) other than all the outstanding Share Options being exercised in full, there is no change to the number of issued Shares on or before the Record Date; (ii) other members of the Controlling Shareholder Concert Group have not taken up their Rights Shares entitlement; and (iii) all Rights Shares are issued) amount to approximately HK\$982.5 million at an offer price of HK\$0.28 per Share. The total amount of cash to be required by the Controlling Shareholder for the purposes of (A) and (B) above is HK\$1,385.0 million. The Controlling Shareholder intends to finance such total amount by its internal resources.

CMB International Capital Limited has been appointed as the financial adviser to the Controlling Shareholder in respect of the Rights Issue and the Possible Offer and is satisfied that sufficient financial resources are available to the Controlling Shareholder for the purposes stated above.

## EFFECT OF RIGHTS ISSUE ON SHAREHOLDINGS IN THE COMPANY

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Rights Issue are set out as below:

### Assuming no exercise of the Share Options from the date of this joint announcement up to and including the Record Date

		As at the date of this announcement		Assuming all Shareholders have taken up the Rights Shares		Assuming only the Controlling Shareholder has taken up its Rights Shares entitlement		Assuming only the Controlling Shareholder has taken up its Rights Shares entitlement and has taken up the maximum number of excess Rights Shares	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Asia Pacific Promotion Limited		1,590,283,250	44.91%	2,862,509,850	44.91%	2,862,509,850	59.47%	4,423,173,514	69.39%
Mr. Ou and Mrs. Ou	(Note 1)	7,285,410	0.21%	13,113,738	0.21%	7,285,410	0.15%	7,285,410	0.11%
<b>Sub-total of the Controlling Shareholder Concert Group</b>		<b>1,597,568,660</b>	<b>45.11%</b>	<b>2,875,623,588</b>	<b>45.11%</b>	<b>2,869,795,260</b>	<b>59.62%</b>	<b>4,430,458,924</b>	<b>69.51%</b>
<b>Directors</b>									
Mr. Chen Wei	(Note 2)	13,500,000	0.38%	24,300,000	0.38%	13,500,000	0.28%	13,500,000	0.21%
Mr. Tang Yui Man Francis	(Note 3)	21,375,000	0.60%	38,475,000	0.60%	21,375,000	0.44%	21,375,000	0.34%
<b>Sub-total of Directors</b>		<b>34,875,000</b>	<b>0.98%</b>	<b>62,775,000</b>	<b>0.98%</b>	<b>34,875,000</b>	<b>0.72%</b>	<b>34,875,000</b>	<b>0.55%</b>
Public Shareholders		1,908,669,172	53.90%	3,435,604,508	53.90%	1,908,669,172	39.65%	1,908,669,172	29.94%
<b>Total</b>		<b>3,541,112,832</b>	<b>100.00%</b>	<b>6,374,003,096</b>	<b>100.00%</b>	<b>4,813,339,432</b>	<b>100.00%</b>	<b>6,374,003,096</b>	<b>100.00%</b>

**Assuming other than all the outstanding Share Options being exercised in full, there is no change to the number of issued Shares on or before the Record Date**

		As at the date of this announcement		Immediately upon full exercise of all outstanding Share Options on or before the Record Date		Assuming all Shareholders have taken up the Rights Shares		Assuming only the Controlling Shareholder has taken up its Rights Shares entitlement		Assuming only the Controlling Shareholder has taken up its Rights Shares entitlement and has taken up the maximum number of excess Rights Shares	
		No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Asia Pacific Promotion Limited											
		1,590,283,250	44.91%	1,590,283,250	43.51%	2,862,509,850	43.51%	2,862,509,850	58.09%	4,514,373,514	68.62%
Mr. Ou and Mrs. Ou	(Note 1)	7,285,410	0.21%	7,285,410	0.20%	13,113,738	0.20%	7,285,410	0.15%	7,285,410	0.11%
Mr. Xiang Ya Bo	(Note 4)	—	—	35,000,000	0.96%	63,000,000	0.96%	35,000,000	0.71%	35,000,000	0.53%
<b>Sub-total of the Controlling Shareholder Concert Group</b>											
		<b>1,597,568,660</b>	<b>45.11%</b>	<b>1,632,568,660</b>	<b>44.67%</b>	<b>2,938,623,588</b>	<b>44.67%</b>	<b>2,904,795,260</b>	<b>58.95%</b>	<b>4,556,658,924</b>	<b>69.26%</b>
<b>Directors</b>											
Mr. Chen Wei	(Note 2)	13,500,000	0.38%	16,500,000	0.45%	29,700,000	0.45%	16,500,000	0.33%	16,500,000	0.25%
Mr. Tang Yui Man Francis	(Note 3)	21,375,000	0.60%	56,375,000	1.54%	101,475,000	1.54%	56,375,000	1.14%	56,375,000	0.86%
Mr. Tian Jin	(Note 5)	—	—	2,000,000	0.05%	3,600,000	0.05%	2,000,000	0.04%	2,000,000	0.03%
Dr. Xiang Bing	(Note 6)	—	—	2,000,000	0.05%	3,600,000	0.05%	2,000,000	0.04%	2,000,000	0.03%
Mr. Xin Luo Lin	(Note 7)	—	—	2,000,000	0.05%	3,600,000	0.05%	2,000,000	0.04%	2,000,000	0.03%
<b>Sub-total of Directors</b>		<b>34,875,000</b>	<b>0.98%</b>	<b>78,875,000</b>	<b>2.16%</b>	<b>141,975,000</b>	<b>2.16%</b>	<b>78,875,000</b>	<b>1.60%</b>	<b>78,875,000</b>	<b>1.20%</b>
Public Shareholders		1,908,669,172	53.90%	1,943,669,172	53.18%	3,498,604,508	53.18%	1,943,669,172	39.45%	1,943,669,172	29.54%
<b>Total</b>		<b>3,541,112,832</b>	<b>100.00%</b>	<b>3,655,112,832</b>	<b>100.00%</b>	<b>6,579,203,096</b>	<b>100.00%</b>	<b>4,927,339,432</b>	<b>100.00%</b>	<b>6,579,203,096</b>	<b>100.00%</b>

**Notes:**

- These shares are held by the joint account of Mr. Ou and Mrs. Ou.
- Mr. Chen Wei is an executive Director.
- Mr. Tang Yui Man Francis is a non-executive Director.
- Mr. Xiang Ya Bo is an executive Director, the Chairman and Chief Executive Officer of the Company. He is also a brother of Mr. Ou.
- Mr. Tian Jin is an independent non-executive Director.
- Dr. Xiang Bing is an independent non-executive Director.
- Mr. Xin Luo Lin is an independent non-executive Director.

## **FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS**

The Company had not conducted any fund raising activities involving issue of securities in the twelve (12) months before the date of this joint announcement.

### **Expected timetable for Rights Issue**

The expected timetable for the Rights Issue set out below is for indicative purposes only and it has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled. The expected timetable is subject to change, and any changes will be announced in separate announcement(s) by the Company as and when appropriate.

<b>Event</b>	<b>Date</b>
Announcement	January 6, 2021 (Wednesday)
Despatch of circular with notice and form of proxy for the GM	January 25, 2021 (Monday)
Latest time for lodging transfer of Shares to be qualified for attendance at the GM	4:30 p.m. on February 8, 2021 (Monday)
Register of members of the Company closes (both dates inclusive) for determining the identity of the Shareholders entitled to attend and vote at the GM	February 9, 2021 (Tuesday) to February 17, 2021 (Wednesday)
Latest time for lodging forms of proxy for the GM	11:00 a.m. on February 15, 2021 (Monday)
Record date for attendance and voting at the GM	February 17, 2021 (Wednesday)
Date and time of the GM	11:00 a.m. on February 17, 2021 (Wednesday)
Announcement of poll results of the GM	February 17, 2021 (Wednesday)
Effective date of the Authorised Share Capital Increase	February 17, 2021 (Wednesday)
Last day of dealing in Shares on a cum-rights basis	February 18, 2021 (Thursday)
First day of dealing in Shares on an ex-rights basis	February 19, 2021 (Friday)
Latest time for lodging transfer documents of Shares in order to be qualified for the Rights Issue	4:30 p.m. on February 22, 2021 (Monday)
Register of members of the Company closes (both days inclusive) for determining entitlements under Rights Issue	February 23, 2021 (Tuesday) to March 1, 2021 (Monday)

<b>Event</b>	<b>Date</b>
Record Date for determining entitlements under Rights Issue	March 1, 2021 (Monday)
Register of members of the Company reopens	March 2, 2021 (Tuesday)
Despatch of Prospectus Documents, including PAL and EAF	March 2, 2021 (Tuesday)
First day of dealing in nil-paid Rights Shares	March 4, 2021 (Thursday)
Latest time for splitting nil-paid Rights Shares	4:30 p.m. on March 8, 2021 (Monday)
Last day of dealing in nil-paid Rights Shares	March 11, 2021 (Thursday)
Latest time for acceptance of and payment of Rights Shares and application for excess Rights Shares	4:00 p.m. on March 16, 2021 (Tuesday)
Announcement of the results of the Rights Issue to be posted on the Stock Exchange's website and the Company's website on or before	March 23, 2021 (Tuesday)
Refund cheques for wholly and partially unsuccessful excess applications to be posted	March 24, 2021 (Wednesday)
Share certificates for fully-paid Rights Shares to be posted	March 24, 2021 (Wednesday)
First day of dealings in fully-paid Rights Shares	March 25, 2021 (Thursday)

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

The latest time for acceptance of and payment for 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 the Latest Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same day; and
- ii. in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Acceptance Date. Instead the latest time of acceptance of and payment for the 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 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 does not take place on the Latest Acceptance Date, the dates mentioned in the “Expected Timetable for the Rights Issue” section may be affected. The Company will notify the Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

## **INFORMATION ON THE CONTROLLING SHAREHOLDER CONCERT GROUP**

The Controlling Shareholder Concert Group comprises of Asia Pacific Promotion Limited, Mr. Ou, Mrs. Ou, Mr. Ou Jin Yi Hugo and Mr. Xiang.

Asia Pacific Promotion Limited, a company incorporated in British Virgin Islands with limited liability on December 16, 1997, whose principal business is investment holding and has been the controlling shareholder (as defined under the Listing Rules) of the Company since April 29, 1998. Asia Pacific Promotion Limited is wholly owned by Mr. Ou, who is also the sole director of Asia Pacific Promotion Limited.

Mr. Ou is a non-executive Director of the Company, father of Mr. Ou Jin Yi Hugo, spouse of Mrs. Ou and brother of Mr. Xiang. Mr. Ou is the founder of the Group and he is currently the chairman of ZAOIL.

Mrs. Ou is the spouse of Mr. Ou and mother of Mr. Ou Jin Yi Hugo.

Mr. Ou Jin Yi Hugo is a non-executive Director of the Company, son of Mr. and Mrs. Ou and the nephew of Mr. Xiang.

Mr. Xiang is an executive Director, the Chairman and chief executive officer of the Company and brother of Mr. Ou and uncle of Mr. Ou Jin Yi Hugo.

## **DEALINGS AND INTEREST OF CONTROLLING SHAREHOLDER CONCERT GROUP IN THE SECURITIES OF THE COMPANY**

As at the date of this joint announcement, neither the Controlling Shareholder nor any parties acting in concert with it:

- (a) save for the Shares held by the Controlling Shareholder Concert Group as set out in the section headed “Effect of Rights Issue on shareholdings in the Company”, owns, controls or has direction over any Shares and right over Shares, outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of securities in the Company, or hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (b) has received an irrevocable commitment to vote for or against the Rights Issue and/or the Whitewash Waiver;
- (c) has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (d) save for the Undertaking, has any arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, which might be material to the Rights Issue and/or the Whitewash Waiver, with any other persons;



- (e) apart from the consideration for the Rights Shares, has any other consideration, compensation or benefit in whatever form paid or to be paid by the Controlling Shareholder or any parties acting in concert with it to the Company or any party acting in concert with the Company in connection with the sale and purchase of the Rights Shares;
- (f) save for the Undertaking, has any understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between the Controlling Shareholder or any party acting in concert with it on the one hand and the Company and any party acting in concert with it on the other hand;
- (g) has any understanding, arrangement, agreement or special deal (as defined under Rule 25 of the Takeovers Code) between (1) any Shareholders; and (2)(a) the Controlling Shareholder and any party acting in concert with it, or (b) the Company, its subsidiaries or associated companies;
- (h) save for the Undertaking, has any agreement or arrangement to which it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Rights Issue and/or the Whitewash Waiver; or
- (i) had dealt in the Shares, outstanding options, derivatives, warrants or other securities convertible or exchangeable into Shares, during the six months prior to the date of the Undertaking.

## **REASONS FOR THE RIGHTS ISSUE**

The Company was incorporated in Bermuda with limited liability, with its shares listed on the Main Board of the Stock Exchange. The principal business activity of the Company is property development, property management, property investment, financial services and asset financing whilst the Company actively explores opportunities to promote financial technology (“**Fintech**”) development, including through the establishment of a joint venture, ZhongAn International, with ZhongAn Technology.

The Company acknowledges that Zhong An International, as a Fintech company, will take time to build and require substantial upfront investment in development of hardware and underlying technologies before it is capable of generating profit. Fintech industry is fast growing and it is believed that the industry may dramatically alter the financial services model in the coming decade. The Board considers that the investment by the Company in ZhongAn International is a long-term investment and believes that the performance of ZhongAn International will improve over the next few years. Given the considerable impact of Fintech and Hong Kong government’s continuing support for the industry, the Board considers its investment in ZhongAn International presents numerous opportunities which are beneficial to the Company. Therefore, the Board considers that it would be in the interest of the Company to raise equity funding via the Rights Issue to prepare (1) for further investment into the Fintech business through ZhongAn International, (2) to reduce the debt level of, and (3) as additional working capital for the Group. Reducing debt level of the Group helps to enhance the Company’s healthy financial status and attract investors, and may also lead to reduction in required credit spread, i.e. the Company’s funding cost and release the pledged bank

deposits and investment properties for securing general banking facilities to the Group, as well as lowering the level of the Company's interest expenses. In addition, the Rights Issue would allow the Company to strengthen its capital base and provide an opportunity to all Shareholders (other than the Non-Qualifying Shareholders) to participate in the growth of the Company in proportion to their shareholdings.

## **PROPOSED USE OF PROCEEDS**

The estimated net proceeds from the Rights Issue after deducting the expenses are estimated to be no more than HK\$813.7 million and not less than approximately HK\$351.2 million (assuming no new Shares are issued and no repurchase of Shares on or before the Record Date) after deduction of the estimated expenses. The Company intends to apply the net proceeds from the Rights Issue as follows:

- (a) approximately 15% will be used for repayment of external debt, where the creditor(s) are neither existing shareholder(s) nor connected person(s) (as defined in the Listing Rules) of the Company, and are independent of the Company and the connected person(s) of the Company;
- (b) approximately 75% will be used for further investment into the Fintech business of the Group. In view of the expansion plan of the Company's Fintech business, the Directors consider that more funding will be required. We have received a notice of possible capital requirement from ZhongAn Technology, and it is expected that further capital injection in the amount of no less than HK\$600 million will be proceeded in April, 2021; and
- (c) approximately 10% will be used for general working capital.

It is also expected that the Rights Issue will enhance the general working capital of the Group without incurring additional interest burden.

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

**THE RIGHTS ISSUE IS SUBJECT TO CERTAIN CONDITIONS INCLUDING BUT NOT LIMITED TO THE APPROVAL OF THE RIGHTS ISSUE BY THE INDEPENDENT SHAREHOLDERS AT THE GM. IT IS EXPECTED THAT SHARES WILL BE DEALT WITH ON AN EX-RIGHTS BASIS FROM FEBRUARY 19, 2021, (FRIDAY). THE RIGHTS SHARES WILL BE DEALT WITH IN THEIR NIL-PAID FORM FROM MARCH 4, 2021, (THURSDAY) TO MARCH 11, 2021, (THURSDAY). IF THE APPROVAL OF THE RIGHTS ISSUE BY THE INDEPENDENT SHAREHOLDERS AT THE GM IS NOT OBTAINED, THE RIGHTS ISSUE WILL NOT PROCEED.**

**ANY SHAREHOLDER OR OTHER PERSON CONTEMPLATING TRANSFERRING, SELLING OR PURCHASING SHARES AND/OR RIGHTS SHARES IN THEIR NIL-PAID FORM IS ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SHARES AND/OR RIGHTS SHARES. ANY PERSON WHO IS IN ANY DOUBT ABOUT HIS/HER/ITS POSITION**

**OR ANY ACTION TO BE TAKEN IS RECOMMENDED TO CONSULT HIS/HER/ITS OWN PROFESSIONAL ADVISER(S). ANY SHAREHOLDER OR OTHER PERSON DEALING IN THE SHARES OR IN THE NIL-PAID RIGHTS SHARES UP TO THE DATE ON WHICH ALL THE CONDITIONS TO WHICH THE RIGHTS ISSUE IS SUBJECT ARE FULFILLED WILL ACCORDINGLY BEAR THE RISK THAT THE RIGHTS ISSUE MAY NOT PROCEED.**

### **ODD LOTS ARRANGEMENT**

In order to facilitate the trading of odd lots of the Shares arising from the Rights Issue, a designated broker will be appointed by the Company to provide matching services, on a best effort basis, for the sale and purchase of odd lots of the Shares. Holders of odd lots of Shares should note that successful matching of the sale and purchase of odd lots of Shares is not guaranteed. Any Shareholder who is in any doubt about the odd lots arrangement is recommended to consult his/her/its own professional advisers. Details of the odd lots arrangement will be provided in the circular of the Company.

### **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from February 9, 2021, (Tuesday) to February 17, 2021, (Wednesday) (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the GM.

The register of members of the Company will be closed from February 23, 2021, (Tuesday) to March 1, 2021, (Monday) (both days inclusive) for determining the entitlements under the Rights Issue.

No transfer of Shares will be registered during the above book closure periods.

### **TAKEOVERS CODE IMPLICATIONS AND APPLICATION FOR WHITEWASH WAIVER**

As at the date of this joint announcement, the Controlling Shareholder Concert Group, are the legal and beneficial owners of a total of 1,597,568,660 Shares, representing approximately 45.11% of the entire issued share capital of the Company, which is not less than 30% and not more than 50%, therefore the Controlling Shareholder Concert Group is subject to the 2% “creeper rule” under Rule 26.1(c) and (d) of the Takeovers Code.

Assuming (i) there is no change to the number of issued Shares on or before the Record Date; (ii) none of the Qualifying Shareholders other than the Controlling Shareholder has taken up its entitlements under the Rights Issue; and (iii) the Controlling Shareholder has not applied for any excess Rights Shares or is not allotted any Rights Shares under EAF and has accepted all Rights Shares provisionally allotted to it pursuant to the Undertaking, being 1,272,226,600 Rights Shares, the interests in the Company held by the Controlling Shareholder Concert Group, together with the parties acting in concert with it, upon the close of the Rights Issue will increase from the current level of approximately 45.11% to approximately 59.62% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

Assuming (i) there is no change to the number of issued Shares on or before the Record Date; (ii) none of the Qualifying Shareholders other than the Controlling Shareholder Concert Group has taken up its entitlements under the Rights Issue; and (iii) the Controlling Shareholder Concert Group has applied for and successfully been allotted the maximum number of excess Rights Shares allowed pursuant to Rule 7.21(3)(b) of the Listing Rules, being 1,554,835,336 Rights Shares, the interests in the Company held by the Controlling Shareholder Concert Group upon the close of the Rights Issue will increase from the current level of approximately 45.11% to approximately 69.51% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

An application will be made to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Executive may or may not grant the Whitewash Waiver, and if granted, the Whitewash Waiver will be subject to approval by at least 75% of the votes cast by Independent Shareholders at the GM.

**In the event that the Whitewash Waiver is not granted by the Executive and/or not approved by at least 75% of the votes cast by Independent Shareholders at the GM and the Rights Issue is approved by at least 50% of the votes cast by the Independent Shareholder at the GM, the Rights Issue will proceed in the absence of the Whitewash Waiver. In that case, if there is undersubscription of the Rights Issue and/or the Controlling Shareholder Concert Group has applied for and successfully been allotted excess Rights Shares resulting in an increase in the holding of voting rights in the Company of the Controlling Shareholder Concert Group by more than 2%, the Controlling Shareholder Concert Group will make the Possible Offer in compliance with the Takeovers Code. The Possible Offer, if made, will be made on terms set out in the offer document (which is expected to be part of a Composite Document) to be issued in accordance with the Takeovers Code. Relevant announcement(s) will be made by the Controlling Shareholder Concert Group and the Company in compliance with the Listing Rules and the Takeovers Code as and when appropriate.**

As at the date of this announcement, the Company does not believe that the proposed Rights Issue gives rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this joint announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the circular relating to the Rights Issue and the Whitewash Waiver. The Company notes that the Executive may not grant the Whitewash Waiver if the proposed Rights Issue does not comply with other applicable rules and regulations.

## **LISTING RULES IMPLICATIONS**

### **Rights Issue**

In accordance with Rule 7.19A(1) of the Listing Rules, as the Rights Issue may increase the number of issued Shares by more than 50%, the Rights Issue is subject to the approval of the Independent Shareholders at the GM by way of poll. Pursuant to Rule 7.27A of the Listing Rules, the Rights Issue must be made conditional on approval by the Shareholders in general meeting by a resolution on

which the controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue. The Controlling Shareholder Concert Group, is interested in an aggregate of 1,597,568,660 Shares, representing approximately 45.11% of the total number of the existing issued Shares as at the date of this joint announcement, shall abstain from voting in respect of the resolution relating to the Rights Issue.

### **Authorised Share Capital Increase**

The Authorised Share Capital Increase is conditional upon the approval by the Shareholders by way of an ordinary resolution at the GM. As none of the Shareholders or their associates would have any interest in the Authorised Share Capital Increase, no Shareholder would be required under the Listing Rules to abstain from voting in favour of the resolution(s) relating to the Authorised Share Capital Increase at the GM.

### **GENERAL**

Under the Takeovers Code, the Whitewash Waiver is conditional on, among other matters, approval of the Rights Issue and the Whitewash Waiver by the Independent Shareholders at the GM. The resolution(s) proposed to be voted at the GM will be conducted by way of poll. The resolution(s) in relation to the Whitewash Waiver shall be approved by at least 75% of the independent votes by the Independent Shareholders at the GM.

Pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code, as the Controlling Shareholder Concert Group is interested in the Whitewash Waiver, it is required to abstain from voting on the resolution to be proposed at the GM in relation to the Whitewash Waiver. Save for the Controlling Shareholder Concert Group, no Shareholder is involved in or interested in the Rights Issue and/or the Whitewash Waiver which requires him/her/it to abstain from voting on the relevant resolution(s) at the GM.

The Listing Rules Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and in the interest of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote at the GM. The Takeovers Code Independent Board Committee comprising all the non-executive Directors (other than Mr. Ou and Mr. Ou Jin Yi Hugo who are non-executive Directors but not part of the Takeovers Code Independent Board Committee since they are members of the Controlling Shareholder Concert Group), namely Mr. Tang Yui Man Francis, Mr. Tian Jin, Dr. Xiang Bing and Mr. Xin Luo Lin, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue and the Whitewash Waiver are fair and reasonable and in the interest of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote at the GM.

The IFA has been appointed to advise the Takeovers Code Independent Board Committee, the Listing Rules Independent Board Committee and the Independent Shareholders in relation to the terms of the Rights Issue and the Whitewash Waiver and such appointment has been approved by the Takeovers Code Independent Board Committee and the Listing Rules Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code. The Takeovers Code Independent Board Committee and the Listing Rules Independent Board Committee will formulate their views with respect to the terms of the Rights Issue and the Whitewash Waiver after obtaining and considering the advice of the IFA.

A circular containing, among other matters, (i) the Rights Issue and the Whitewash Waiver; (ii) letter of recommendation from the Listing Rules Independent Board Committee to the Independent Shareholders in relation to the Rights Issue; (iii) letter of recommendation from the Takeovers Code Independent Board Committee to the Independent Shareholders in relation to the Rights Issue and the Whitewash Waiver; (iv) a letter of advice from the IFA to the Listing Rules Independent Board Committee and the Independent Shareholders in relation to the Rights Issue and the Whitewash Waiver; and (v) a notice of the GM, shall be despatched within 21 days of the date of this joint announcement (i.e. on or before January 27, 2021, (Wednesday)).

Upon the approval by the Independent Shareholders of the Rights Issue, the Prospectus Documents will be despatched to the Qualifying Shareholders as soon as practicable. The Overseas Letter and the Prospectus, without the PALs, will be sent to the Non-Qualifying Shareholders (if any) for their information only.

## **ADJUSTMENTS TO EXERCISE PRICE AND NUMBER OF THE SHARE OPTIONS**

Adjustments to the exercise price and number of the outstanding Share Options may be required under the relevant terms of the instrument constituting the Share Option Scheme.

Further announcement(s) will be made by the Company in this regard.

## **PROPOSED AUTHORISED SHARE CAPITAL INCREASE**

The Board proposes to increase the Company's authorised share capital from HK\$600,000,000 divided into 6,000,000,000 Shares to HK\$1,500,000,000 divided into 15,000,000,000 Shares by the creation of an additional 9,000,000,000 unissued Shares.

The proposed Authorised Share Capital Increase is subject to the approval of the Shareholders by way of an ordinary resolution at the GM. As none of the Shareholders has any material interest in the Authorised Share Capital Increase, no Shareholder is required under the Listing Rules to abstain from voting on this resolution at the GM.

The Board is of the view that the Authorised Share Capital Increase will provide flexibility to the Company for future fundraising and expansion in the share capital of the Company, and is therefore in the interest of the Company and the Shareholders as a whole.



## DEALING DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, respective associates of the Company (as defined in the Takeovers Code, including among others, shareholders of the Company having interests of 5% or more in the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company) and of the Controlling Shareholder Concert Group are hereby reminded to disclose their dealings in the securities of the Company pursuant to the requirements of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

*“Responsibilities of stockbrokers, banks and other intermediaries*

*Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7-day period is less than HK\$1 million.*

*This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.*

*Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”*

In light of the fact that the Rights Issue may proceed in the absence of the Whitewash Waiver, an offer period (as defined in the Takeovers Code) commences as at the date of this joint announcement.

## DEFINITIONS

<b>acting in concert</b>	has the meaning ascribed to it under the Takeovers Code
<b>Authorised Share Capital Increase</b>	the proposed increase in the authorised share capital of the Company from HK\$600,000,000 divided into 6,000,000,000 Shares to HK\$1,500,000,000 divided into 15,000,000,000 Shares by the creation of an additional 9,000,000,000 unissued Shares
<b>Beneficial Owners</b>	owners of Shares whose Shares are registered in the name of a registered Shareholder as shown in the register of members of the Company



<b>Board</b>	the board of Directors
<b>Business Day</b>	any day on which banks are generally open for business in Hong Kong (excluding Saturday and Sunday)
<b>CCASS</b>	the Central Clearing and Settlement System established and operated by HKSCC
<b>Company</b>	Sinolink Worldwide Holdings Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange (stock code: 1168)
<b>Composite Document</b>	the composite offer and response document expected to be jointly issued by the Company and the Controlling Shareholder Concert Group in connection with the Possible Offer in accordance with the Takeovers Code
<b>Controlling Shareholder</b>	Asia Pacific Promotion Limited, a company incorporated in British Virgin Islands with limited liability on December 16, 1997, whose principal business is investment holding and as at the date of this joint announcement is interested in 1,590,283,250 Shares, representing approximately 44.91% of the existing issued share capital of the Company, a controlling shareholder (as defined under the Listing Rules) of the Company. The Controlling Shareholder is wholly owned by Mr. Ou, who is also a non-executive Director of the Company
<b>Controlling Shareholder Concert Group</b>	the Controlling Shareholder and persons acting in concert with it, including Mr. Ou, Mrs. Ou, Mr. Ou Jin Yi Hugo and Mr. Xiang as at the date of this joint announcement
<b>Director(s)</b>	the director(s) of the Company
<b>EAF(s)</b>	Application form(s) for excess Rights Shares
<b>Executive</b>	the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s)
<b>GM</b>	the special general meeting of the Company to be convened to approve, among other things, the Authorised Share Capital Increase, the Rights Issue and the Whitewash Waiver
<b>Group</b>	the Company and its subsidiaries
<b>HK\$</b>	Hong Kong dollar(s), the lawful currency of Hong Kong
<b>HKSCC</b>	Hong Kong Securities Clearing Company Limited

<b>IFA</b>	Lego Corporate Finance Limited, a licensed corporation to carry on Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Listing Rules Independent Board Committees and the Takeovers Code Independent Board Committee for the purpose of Takeovers Code Independent Board Committee, the Listing Rules Independent Board Committee and the Independent Shareholders in relation to the terms of the Rights Issue and the Whitewash Waiver
<b>Independent Shareholder(s)</b>	Shareholders other than (i) the Controlling Shareholder Concert Group, (ii) the associates of the Controlling Shareholder and (iii) Shareholders who are involved in, or interested in the Rights Issue and/or the Whitewash Waiver (as the case may be), who are required under the Listing Rules and/or the Takeovers Code (as the case may be) to abstain from voting in the GM
<b>Joint Venture Agreement</b>	the joint venture formation agreement entered into between the Company and ZhongAn Technology, a wholly-owned subsidiary of ZAOIL, dated December 8, 2017 (as amended and supplemented from time to time)
<b>Last Day for Transfer</b>	the last date for lodging transfers of Shares prior to the closure of the register of members of the Company for the purpose of determining entitlements under the Rights Issue, which is currently expected to be February 22, 2021, (Monday)
<b>Last Trading Day</b>	January 5, 2021 (Tuesday), being the last full trading day for the Shares before the release of this joint announcement
<b>Latest Acceptance Date</b>	March 16, 2021 (Tuesday), being the last day for acceptance and payment of the Rights Shares and application for excess Rights Shares, or such other date as the Company may determine
<b>Latest time for acceptance</b>	4:00 p.m. on the Latest Acceptance Date
<b>Listing Rules</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>Listing Rules Independent Board Committee</b>	an independent board committee of the Company comprising all the independent non-executive Directors, which has been established under the Listing Rules to advise the Independent Shareholders on the terms of the Rights Issue
<b>Long Stop Date</b>	June 30, 2021 or such later date as the Board may determine and resolve

<b>Main Board</b>	the Main Board of the Stock Exchange
<b>Mr. Ou</b>	Mr. Ou Yaping, the sole shareholder and director of the Controlling Shareholder, who is also a non-executive director of the Company
<b>Mr. Xiang</b>	Mr. Xiang Ya Bo, brother of Mr. Ou, an executive Director, the Chairman and chief executive officer of the Company
<b>Mrs. Ou</b>	Ms. Cheung Loi Ping, the spouse of Mr. Ou
<b>Non-Qualifying Shareholder(s)</b>	Overseas Shareholder(s) in respect of whom the Directors, based on legal advice provided by legal advisers in the relevant jurisdictions, consider it necessary or expedient to exclude from the Rights Issue, 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
<b>Overseas Letter</b>	letter from the Company to the Non-Qualifying Shareholders explaining the circumstances in which the Non-Qualifying Shareholders are not permitted to participate in the Rights Issue
<b>Overseas Shareholder(s)</b>	Shareholder(s) whose names appear on the register of members of the Company as at the close of business on the Record Date and whose address(es) as shown on such register is/are outside Hong Kong
<b>Possible Offer</b>	the possible mandatory general offer that may be made by the Controlling Shareholder Concert Group for all the Shares and other securities of the Company which are not already owned or agreed to be acquired by the Controlling Shareholder Concert Group under Rule 26 and Rule 13 of the Takeovers Code in the event that (i) the Rights Issue will proceed in the absence of the Whitewash Waiver, which is when the Whitewash Waiver is not granted by the Executive and/or not approved by at least 75% of the votes cast by Independent Shareholders at the GM and the Rights Issue is approved by at least 50% of the votes cast by the Independent Shareholder at the GM; and (ii) there is undersubscription of the Rights Issue and/or the Controlling Shareholder Concert Group has applied for and successfully been allotted excess Rights Shares resulting in an increase the holding of voting rights of the Controlling Shareholder Concert Group in the Company by more than 2% as a result of the issue of the Rights Shares subject to the terms and conditions as set out in this joint announcement

<b>Posting Date</b>	March 2, 2021 (Tuesday), or such other date as the Company may determine in writing for the despatch of the Prospectus Documents
<b>PRC</b>	the People's Republic of China, which for the purpose of this joint announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
<b>Prospectus</b>	the prospectus to be issued by the Company in relation to the Rights Issue
<b>Prospectus Date</b>	proposed date of Prospectus
<b>Prospectus Documents</b>	the Prospectus and the PALs to be issued by the Company to the Qualifying Shareholders
<b>PALs</b>	the provisional allotment letter(s) to be used in connection with the Rights Issue in such form as the Company may approve
<b>Qualifying Shareholders</b>	Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear on the register of members of the Company as at the close of business on the Record Date
<b>Record Date</b>	the date by reference to which entitlements under the Rights Issue are expected to be determined, which is currently scheduled to be on March 1, 2021, (Monday) or such later date as announced by the Company
<b>Registrar</b>	the Hong Kong branch share registrar of the Company, being Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
<b>Rights Issue</b>	the issue of no more than 2,924,090,264 Rights Shares and no less than 1,272,226,600 Rights Shares at the Subscription Price on the basis of four Rights Shares for every five existing Shares held on the Record Date payable in full on acceptance
<b>Rights Share(s)</b>	the new Share(s) to be allotted and issued in respect of the Rights Issue
<b>SFC</b>	the Securities and Futures Commission of Hong Kong
<b>SFO</b>	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

<b>Share(s)</b>	ordinary share(s) of the Company of par value HK\$0.10
<b>Shareholder(s)</b>	the holder(s) of the Share(s)
<b>Share Option(s)</b>	a right to subscribe for Shares pursuant to the Share Option Scheme or any share option granted thereunder
<b>Share Option Scheme</b>	the share option scheme of the Company adopted on May 17, 2012
<b>Stock Exchange</b>	The Stock Exchange of Hong Kong Limited
<b>Subscription Price</b>	the subscription price of HK\$0.28 per Rights Share
<b>subsidiary(ies)</b>	has the same meaning ascribed to it under the Listing Rules
<b>Takeovers Code</b>	the Hong Kong Codes on Takeovers and Mergers and Share Buy-backs
<b>Takeovers Code Independent Board Committee</b>	an independent board committee of the Company comprising all the non-executive Directors (other than Mr. Ou and Mr. Ou Jin Yi Hugo who are non-executive Directors but not part of the Independent Board Committee since they are members of the Controlling Shareholder Concert Group), namely Mr. Tang Yui Man Francis, Mr. Tian Jin, Dr. Xiang Bing and Mr. Xin Luo Lin, which has been established under the Takeovers Code to advise the Independent Shareholders on the terms of the Rights Issue and the Whitewash Waiver
<b>Undertaking</b>	the letter of undertaking executed by the Controlling Shareholder in favour of the Company dated January 6, 2021 (after trading hours of the Stock Exchange)
<b>United States or US</b>	the United States of America (including its territories and dependencies, any state in the US and the District of Columbia)
<b>US Person(s)</b>	any person(s) or entity(ies) deemed to be a US Person for the purposes of Regulation S under the US Securities Act of 1933, as amended
<b>Whitewash Waiver</b>	the whitewash waiver pursuant to Note 1 on dispensations from Rule 26 and Rule 13 of the Takeovers Code of the obligations on the part of the Controlling Shareholder to make a Possible Offer

**ZAOIL**

ZhongAn Online P & C Insurance Co., Ltd.\* (眾安在綫財產保險股份有限公司), a joint stock limited company incorporated in the PRC with limited liability and carrying on business in Hong Kong as “ZA Online Fintech P & C” whose H shares are listed on the Main Board of the Stock Exchange (Stock Code: 6060)

**ZhongAn International**

ZhongAn Technologies International Group Limited (眾安科技(國際)集團有限公司), a Hong Kong limited liability company jointly invested by the Company and ZhongAn Technology pursuant to the Joint Venture Agreement

**ZhongAn Technology**

ZhongAn Information Technology Services Co., Ltd.\* (眾安信息技術服務有限公司), a wholly-owned subsidiary of ZAOIL, incorporated in the PRC on July 7, 2016

\* for identification purpose only

By Order of the Board

**XIANG Ya Bo**

*Chairman and Chief Executive Officer*

Hong Kong, January 6, 2021

*As at the date of this joint announcement, the Board comprises Mr. Xiang Ya Bo (Chairman of the Board and Chief Executive Officer) and Mr. Chen Wei as executive Directors; Mr. Ou Yaping, Mr. Ou Jin Yi Hugo and Mr. Tang Yui Man Francis as non-executive Directors; and Mr. Tian Jin, Dr. Xiang Bing and Mr. Xin Luo Lin as independent non-executive Directors.*

*This joint announcement is made by order of the Board. All Directors jointly and severally accept full responsibility for the accuracy of information contained in this joint announcement (other than in relation to the Controlling Shareholder Concert Group), and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Controlling Shareholder Concert Group members (except for Mr. Ou, Mr. Ou Jin Yi Hugo and Mr. Xiang)) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.*

*As at the date of this joint announcement, the sole director of the Controlling Shareholder is Mr. Ou and the Controlling Shareholder Concert Group comprises of the Controlling Shareholder, Mr. Ou, Mrs. Ou, Mr. Ou Jin Yi Hugo and Mr. Xiang.*

*The Controlling Shareholder Concert Group members jointly and severally accept full responsibility for the accuracy of information in this joint announcement (other than those relating to the Company) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the Directors (except for Mr. Ou, Mr. Ou Jin Yi Hugo and Mr. Xiang)) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statements in this joint announcement misleading.*