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EEKA Fashion Holdings Limited

贏家時尚控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3709)

PLACING OF EXISTING SHARES AND TOP-UP SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



THE PLACING AND SUBSCRIPTION AGREEMENT

The Board is pleased to announce that on 30 April 2021 (after trading hours), the Company entered into the Placing and Subscription Agreement, pursuant to which (i) the Placing Agent agreed to place, on a best effort basis, the Placing Shares comprising up to 19,000,000 Shares held by the Vendor at the Placing Price of HK\$10.50 per Placing Share to the Placee(s); and (ii) the Company has conditionally agreed to allot and issue, and the Vendor has conditionally agreed to subscribe for, the Top-Up Subscription Shares up to 19,000,000 new Shares at the Top-Up Subscription Price.

The Placing Shares (which is equivalent to the Top-Up Subscription Shares) represent (i) approximately 2.77% of the total number of issued Shares as at the date of this announcement; and (ii) approximately 2.70% of the number of issued Shares of the Company as enlarged by the allotment and issue of the Top-up Subscription Shares (assuming there is no change to the share capital of the Company between the date of the Placing and Subscription Agreement and the completion of the Top-Up Subscription).

Assuming that all the Placing Shares are successfully placed by the Placing Agent, the maximum gross proceeds from the Placing and the Top-Up Subscription are estimated to be HK\$199.50 million, and the maximum net proceeds, after deducting the placing fee, brokerage, professional fees and all related expenses which may be borne by the Company, from the Placing and the Top-Up Subscription are estimated to be approximately HK\$198.09 million.

The net proceeds from the Placing and the Top-Up Subscription of approximately HK\$198.09 million are intended to be used (i) as to approximately HK\$178.29 million for the settlement of the existing debts of the Group; and (ii) as to the remaining HK\$19.80 million for the Group's general working capital.

Completion of the Top-Up Subscription is subject to the satisfaction of the conditions precedent under the Placing and Subscription Agreement. As the Top-Up Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

The Board is pleased to announce that on 30 April 2021 (after trading hours), the Company entered into the Placing and Subscription Agreement with particulars set out as follows:

THE PLACING AND SUBSCRIPTION AGREEMENT

The principal terms and conditions of the Placing and Subscription Agreement are as follows:

Date

30 April 2021 (after trading hours)

Parties

1. The Company (as issuer);
2. Korador Investments Limited (as the vendor of the Placing Shares and subscriber of the Top-Up Subscription Shares); and
3. DL Securities (HK) Limited (as the Placing Agent).

To the best of the Director's knowledge, information and belief having made all reasonable enquiry, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

The Placing

Pursuant to the Placing and Subscription Agreement, the Placing Agent agreed to place, on a best effort basis, the Placing Shares comprising up to 19,000,000 Shares held by the Vendor at the Placing Price of HK\$10.50 per Placing Share to the Placee(s).

Placing Fees

The Placing Agent will charge the Company a placing commission of 0.5% of the amount equal to the Placing Price multiplied by the number of Placing Shares actually placed. The Placing commission was negotiated on an arm's length basis between the Company and the Placing Agent, and determined with reference to, amongst other things, the market rate and the price performance of the Shares.

Placees

Pursuant to the Placing and Subscription Agreement, the Placing Agent will procure the Placing Shares to be placed to not less than six (6) Placees, who/which will be professional, institutional and/or other investors selected and procured by or on behalf of the Placing Agent on a best effort basis.

The Placing Agent will, to the extent practicable and lawful, use its reasonable endeavours to ensure that the Placees (if applicable, together with their respective ultimate beneficial owners), are not connected persons of the Company and are independent of and not connected with the Vendor or any connected persons of the Company. The Vendor has not been and will not be involved in screening or selecting the placees in connection with the Placing.

Number of Placing Shares

The Placing Shares of up to 19,000,000 Shares represent (i) approximately 2.77% of the existing total number of issued Shares as at the date of this announcement; and (ii) approximately 2.70% of the number of issued Shares of the Company as enlarged by the allotment and issue of the Top-up Subscription Shares (assuming there is no change to the share capital of the Company between the date of the Placing and Subscription Agreement and the completion of the Top-Up Subscription).

The aggregate nominal value of the maximum number of Placing Shares amounts to HK\$190,000.

Placing Price

The Placing Price of HK\$10.50 represents:

- (i) a discount of approximately 4.72% to the closing price of HK\$11.02 per Share as quoted on the Stock Exchange on the date of the Placing and Subscription Agreement; and
- (ii) a discount of approximately 0.04% to the average closing price of HK\$10.504 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to the date of the Placing and Subscription Agreement.

The Placing Price was determined with reference to the prevailing market price and the recent trading volume of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent.

In line with the market practice, the Company will bear all costs and expenses of the Top-Up Subscription and will reimburse the Vendor all costs and expenses incurred by it in respect of the Placing as it is a fund raising activity conducted by and for the benefit of the Company. The net price per Placing Share (which is equivalent to the Top-Up Subscription Share), after deduction of the Placing commission and other related expenses, is approximately HK\$10.43, assuming that the Placing is completed in full.

Rights attached to the Placing Shares

The Placing Shares will be sold free from all liens, charges and encumbrances and together with the rights attaching to them, including the right to receive all dividends declared, made or paid on or after the date of the Placing and Subscription Agreement.

Condition of the Placing

The Placing is unconditional.

Completion

Completion of the Placing is expected to take place on the date falling three (3) Business Days after the date of the Placing and Subscription Agreement (or such other date as the Vendor and the Placing Agent may agree).

The Top-Up Subscription

Pursuant to the Placing and Subscription Agreement, the Company has conditionally agreed to allot and issue, and the Vendor has conditionally agreed to subscribe for, the Top-Up Subscription Shares up to 19,000,000 new Shares at the Top-Up Subscription Price.

Number of Top-Up Subscription Shares

The Top-Up Subscription Shares of up to 19,000,000 new Shares, which is equivalent to the number of the Placing Shares, represent (i) approximately 2.77% of the total number of issued Shares as at the date of this announcement; and (ii) approximately 2.70% of the issued share capital of the Company as enlarged by the allotment and issue of the Top-Up Subscription Shares (assuming there is no change to the share capital of the Company between the date of the Placing and Subscription Agreement and the completion of the Top-Up Subscription).

The aggregate nominal value of the maximum number of Top-Up Subscription Shares amounts to HK\$190,000.

Top-Up Subscription Price

The Top-Up Subscription Price of HK\$10.50 per Top-Up Subscription Share is equivalent to the Placing Price.

Ranking of the Top-Up Subscription Shares

The Top-Up Subscription Shares, when allotted and issued, will rank equally in all aspects among themselves and with the Shares in issue on the date of allotment and issuance of the Top-Up Subscription Shares.

Conditions of the Top-Up Subscription

Completion of the Top-Up Subscription is conditional upon the fulfilment of the following Conditions:

- (a) the Stock Exchange granting listing of and permission to deal in the Top-Up Subscription Shares (and such listing and permission not subsequently revoked prior to completion of the Top-Up Subscription);
- (b) completion of the Placing having taken place pursuant to the terms of the Placing and Subscription Agreement; and
- (c) no relevant government, governmental, quasi-governmental, statutory or regulatory body, court or agency having granted any order or made any decision that would make the Top-Up Subscription void, unenforceable or illegal, or restrict or prohibit the implementation of, or impose any additional material conditions or obligations with respect to the Top-Up Subscription (other than such orders or decisions as would not have a material adverse effect on the legal ability of the Company and/or the Vendor to proceed with the Top-Up Subscription).

If the Conditions are not fulfilled before 12 May 2021, the obligations and liabilities of the Vendor and the Company under the Top-Up Subscription shall be null and void and neither the Company nor the Vendor shall have any claim against the other for costs, damages, compensation or otherwise.

Completion of the Top-Up Subscription

Completion of the Top-Up Subscription will take place on the second (2nd) Business Day following the fulfilment of all the Conditions to the Top-Up Subscription.

The Top-Up Subscription shall be completed on or before 14 May 2021, being 14 days from the date of the Placing and Subscription Agreement.

General Mandate to issue the Placing Shares

As at the date of this announcement, the Vendor is a controlling Shareholder, holding 279,715,000 Shares which represents approximately 40.83% of the total number of issued Shares. Accordingly, the Vendor is a connected person of the Company under the Listing Rules. If the Top-Up Subscription is to be completed after 14 May 2021, it will constitute a connected transaction that is not fully-exempted under Rule 14A.92(4) of the Listing Rules and is subject to the announcement, reporting and independent Shareholder's approval requirements under Chapter 14A of the Listing Rules.

The Top-Up Subscription Shares will be allotted and issued under the General Mandate granted to the Directors by the then Shareholders at the annual general meeting of the Company held on 29 June 2020. Pursuant to the General Mandate, the total number of new Shares that the Directors are authorised to allot and issue is 137,010,039 new Shares (up to 20% of the total number of issued Shares as at the date of the annual general meeting held on 29 June 2020, i.e. 685,050,195 Shares). Up to the date of this announcement, no new Shares have been issued under the General Mandate and the Top-Up Subscription will utilise approximately 13.87% of the General Mandate upon Placing of the Placing Shares in full. Accordingly, the issue of the Top-Up Subscription Shares will not be subject to the approval of the 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 Top-Up Subscription Shares.

Takeovers Code Implications

Whilst the shareholding of the Vendor and parties acting in concert with it in the Company amount to approximately 69.84% in aggregate, the shareholding of the Vendor will decrease from approximately 40.83% to approximately 38.06% immediately after completion of the Placing, and will increase to approximately 39.73% immediately after completion of the Top-Up Subscription. Given that the Vendor, together with persons acting in concert with it (including Apex Noble Holdings Limited, a company wholly owned by the trustee of the Jin's Heritage Trust which is set up by Mr. Jin Rui as settlor), has continuously held more than 50% of the voting rights of the Company for at least 12 months immediately preceding the date of the Placing and Subscription Agreement, a waiver under Rule 26 of the Takeovers Code with respect to the Placing and the Top-Up Subscription is not required.

Termination

The Placing Agent may terminate the Placing and Subscription Agreement without any liability to the Vendor, by notice in writing given to the Vendor at any time prior to 8:00 a.m. on the date of completion of the Placing upon the occurrence of the following events which, in the reasonable opinion of the Placing Agent, has or may have an material adverse effect on the business or financial conditions of the Company or the Group taken as a whole or the success of the Placing or the full placement of all of the Placing Shares or otherwise makes it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing and Subscription Agreement:

- (a) there develops, occurs or comes into force:
 - (i) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date hereof) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a material adverse change in, or which may result in a material adverse change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the reasonable opinion of the Placing Agent would materially adversely affect the success of the Placing; or
 - (ii) there is any material 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 Placing; or
 - (iii) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the reasonable opinion of the Placing Agent, would materially adversely affect the success of the Placing; or

- (iv) any material adverse change in conditions of local, national or international securities markets occurs which in the reasonable opinion of the Placing Agent, would materially and adversely affect the success of the Placing; or
 - (v) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the reasonable opinion of the Placing Agent, any such new law or change may materially and adversely affect the business or financial prospects of the Group and/or the success of the Placing; or
 - (vi) a change or development occurs involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or elsewhere and if in the reasonable opinion of the Placing Agent, any such change or development would materially adversely affect the success of the Placing; or
 - (vii) any litigation or claim being instigated against any member of the Group, which has or may have a material adverse effect on the business or financial position of the Group and which in the reasonable opinion of the Placing Agent, would materially and adversely affect the success of the Placing; or
 - (viii) any outbreak or escalation of hostilities or act of terrorism involving Hong Kong or the PRC or the declaration by Hong Kong or the PRC of a national emergency or war; or
 - (ix) any halt or suspension in the trading of the Shares for any period whatsoever except for a trading halt relating to any transaction under the Placing and Subscription Agreement for no more than two Business Days; or
- (b) any breach of any of the representations and warranties set out in the Placing and Subscription Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing and Subscription Agreement and prior to the date of completion of the Placing which if it had occurred or arisen before the date of the Placing and Subscription Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach of any of the obligations imposed upon any party to the Placing and Subscription Agreement (other than the Placing Agent); or there is any adverse change in the financial position of the Company which is material in the context of the Placing.

REASONS AND BENEFIT FOR THE ENTERING INTO OF THE PLACING AND SUBSCRIPTION AGREEMENT

The Group is principally engaged in design, promotion, marketing and sales of self-owned branded womenswear products in the PRC.

As disclosed in the Company's annual results announcement for the year ended 31 December 2020, the Group's total current liabilities as at 31 December 2020 was approximately RMB1,688,065,000; whilst the Group's total current asset as at 31 December 2020 was approximately RMB2,409,520,000, of which the total amount of cash and cash equivalents was approximately RMB582,929,000. Amongst the Group's total current liabilities as at 31 December 2020, the total amount of interest-bearing borrowings due for repayment on or before 30 June 2021 was approximately HK\$303,000,000.

The Directors have considered various fund raising methods and consider that under the prevailing market conditions, the Placing and Top-Up Subscription represents the most efficient method for the Company to raise additional capital for the Company. Compared with rights issue or open offer, the timetable for the Placing and Top-Up Subscription (to be completed within 14 days after the entering into of the Placing and Subscription Agreement) is much shorter. Compared with debt financing, the issue of shares under the Placing and Top-Up Subscription does not incur any finance cost. In addition, with the Placing Agent procuring not less than six (6) independent Placees to subscribe for the Shares originally held by the Vendor, the Company could benefit from diversifying its Shareholders base to include additional professional, institutional and other investors which may in turn enhance the liquidity of the Shares. Accordingly, the Directors considered that the Placing and the Top-Up Subscription represents an opportunity to lessen the immediate financial needs of the Group to repay the existing debts, to further strengthen the cash position of the Group and to broaden the Shareholder base.

Assuming that all the Placing Shares are as successfully placed by the Placing Agent, the maximum gross proceeds from the Placing and the Top-Up Subscription are estimated to be HK\$199.50 million, and the maximum net proceeds, after deducting the placing fee, brokerage, professional fees and all related expenses which may be borne by the Company, from the Placing and the Top-Up Subscription are estimated to be approximately HK\$198.09 million.

The net proceeds from the Placing and the Top-Up Subscription of approximately HK\$198.09 million are intended to be used (i) as to approximately HK\$178.29 million for the settlement of the existing debts of the Group; and (ii) as to the remaining HK\$19.80 million for the Group's general working capital.

Having considered above, the Directors (including the independent non-executive Directors) consider that the terms of the Placing and Subscription Agreement and the transactions contemplated thereunder (including the Placing, the Top-Up Subscription, the Placing Price and the Placing commission payable to the Placing Agent) are fair and reasonable, and are in the interests of the Group and the Shareholders as a whole.

FUND RAISING ACTIVITIES BY THE COMPANY IN THE PAST TWELVE MONTHS

The Directors confirm that the Company has not conducted any fund raising activities involving the issue of its equity securities in the 12 months immediately preceding the date of this announcement.

CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there is no change in the share capital of the Company from the date of this announcement up to completion of the Placing and the Top-Up Subscription, the shareholding structure of the Company (a) as at the date of this announcement; (b) immediately after the completion of the Placing but before the completion of the Top-Up Subscription; and (c) immediately after completion of the Placing and the Top-Up Subscription are as follows:

	As at the date of this announcement		Immediately after completion of the Placing but before completion of the Top-Up Subscription		Immediately after completion of the Placing and the Top-Up Subscription	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
The Vendor (<i>Note 1</i>)	279,715,000	40.83	260,715,000	38.06	279,715,000	39.73
Apex Noble Holdings Limited (<i>Note 2</i>)	198,713,195	29.01	198,713,195	29.01	198,713,195	28.22
He Hongmei (<i>Note 3</i>)	1,799,273	0.26	1,799,273	0.26	1,799,273	0.26
Alpha Cosmo Holdings Limited (<i>Note 4</i>)	21,910,884	3.20	21,910,884	3.20	21,910,884	3.11
Public Shareholders						
Placees	–	–	19,000,000	2.77	19,000,000	2.70
Other Public Shareholders	182,911,843	26.70	182,911,843	26.70	182,911,843	25.98
Total	<u>685,050,195</u>	<u>100.00</u>	<u>685,050,195</u>	<u>100.00</u>	<u>704,050,195</u>	<u>100.00</u>

Note:

1. The entire issued share capital of the Vendor is wholly-owned by Mayberry Marketing Limited, the entire issued share capital of which is in turn wholly-owned by BOS Trustee Limited as trustee of the Fiona Trust. The Fiona Trust is a discretionary trust set up by Mr. Jin Ming as settlor. The beneficiaries of Fiona Trust are Mr. Jin Ming, his spouse and his children. Mr. Jin Ming is the chairman, chief executive officer and executive director of the Company.
2. The entire issued share capital of Apex Noble Holdings Limited is wholly-owned by Heritage Holdings Limited, the entire issued share capital of which is in turn wholly-owned by BOS Trustee Limited as trustee of the Jin's Heritage Trust. Jin's Heritage Trust is a discretionary trust set up by Mr. Jin Rui as settlor. The beneficiaries of Jin's Heritage Trust are Mr. Jin Rui, his spouse and his children. Mr. Jin Rui is an executive director of the Company.
3. Ms. He Hongmei is an executive director of the Company.
4. These Shares are held by Alpha Cosmo Holdings Limited as trustee under the share award scheme adopted by the Company on 2 December 2019.

Completion of the Top-Up Subscription is subject to the satisfaction of the conditions precedent under the Placing and Subscription Agreement. As the Top-Up Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Board”	means the board of directors of the Company
“Business Day(s)”	means a day (other than a Saturday, a Sunday or a public holiday) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“Company”	means EEKA Fashion Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange (stock code: 3709)
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	means the director(s) of the Company
“Executive”	means the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“General Mandate”	means the general mandate granted to the Directors by the then Shareholders by ordinary resolution passed at the annual general meeting of the Company held on 29 June 2020 to allot, issue and deal with new Shares up to a maximum of 20% of the total number of the issued Shares as at that date, i.e. up to 137,010,039 new Shares
“Group”	means the Company and its subsidiaries
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC
“HK\$”	means Hong Kong Dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	means third party(ies) who is/are independent of and not connected with the connected persons of the Company and not a connected person of the Company
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange

“Placee(s)”	means any professional, institutional and/or other investor selected and procured by or on behalf of the Placing Agent to purchase any of the Placing Shares on the terms and subject to the conditions set out in the Placing and Subscription Agreement
“Placing”	means the placing, on a best effort basis, of a total of up to 19,000,000 Shares to be allotted and issued pursuant to the terms of the Placing and Subscription Agreement
“Placing Agent”	means DL Securities (HK) Limited, a licensed corporation to carry out business in Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing and Subscription Agreement”	means the conditional agreement dated 30 April 2021 entered into between the Company, the Vendor and the Placing Agent in relation to the Placing and the Top-Up Subscription
“Placing Price”	HK\$10.50 per Placing Share
“Placing Shares”	means up to 19,000,000 Shares which are beneficially owned by the Vendor to be placed under the Placing
“PRC”	means the People’s Republic of China
“SFC”	means the Securities and Futures Commission
“Share(s)”	means ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	means holder(s) of Shares
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Takeovers Code”	means The Code on Takeovers and Mergers and Share Buy-backs of Hong Kong
“Top-Up Subscription Price”	means HK\$10.50 per Top-Up Subscription Share
“Top-Up Subscription Shares”	means up to 19,000,000 new Shares for which the Vendor has conditionally agreed to subscribe pursuant to the Placing and Subscription Agreement

“Top-Up Subscription”	means subscription for the Top-Up Subscription Shares by the Vendor pursuant to the Placing and Subscription Agreement
“Vendor”	means Koradior Investments Limited, a company incorporated in the Cayman Islands and a controlling Shareholder (as defined in the Listing Rules) of the Company
“%”	means per cent

By order of the Board
EEKA Fashion Holdings Limited
JIN MING
Chairman

Hong Kong, 30 April 2021

As at the date of this announcement, the Board comprises Mr. Jin Ming, Ms. He Hongmei and Mr. Jin Rui as executive Directors; and Mr. Zhong Ming, Mr. Zhou Xiaoyu and Mr. Zhang Guodong as independent non-executive Directors.