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Kin Pang Holdings Limited
建鵬控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1722)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



Prime China Securities Limited

On 9 January 2023 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent has conditionally agreed to act as the placing agent of the Company to procure on a best effort basis not less than six (6) Placees, who and whose ultimate beneficial owners (if any) shall be Independent Third Parties, to subscribe for up to 100,000,000 Placing Shares at the Placing Price of HK\$0.11 per Placing Share. The Placing Shares will be allotted and issued pursuant to the General Mandate.

Assuming there will be no change in the issued share capital of the Company between the date of this announcement and the Completion Date, the maximum number of 100,000,000 Placing Shares under the Placing represents 10% of the existing issued share capital of the Company as at the date of this announcement and approximately 9.09% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares in full.

The Placing Price of HK\$0.11 per Placing Share represents (i) a discount of approximately 17.3% to the closing price of HK\$0.133 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 19.2% to the average closing price of HK\$0.1362 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

Assuming that all the Placing Shares are fully placed, the gross proceeds from the Placing will be HK\$11,000,000 and the net proceeds (after deduction of placing commission and other expenses of the Placing) from the Placing are estimated to be approximately HK\$10,835,000, representing a net placing price of approximately HK\$0.108 per Placing Share. The Directors intend to use the net proceeds from the Placing for the general working capital of the Group.

Given that Completion may or may not take place, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

On 9 January 2023 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent has conditionally agreed to act as the placing agent of the Company to procure on a best effort basis not less than six (6) Placees, who and whose ultimate beneficial owners (if any) shall be Independent Third Parties, to subscribe for up to 100,000,000 Placing Shares at the Placing Price of HK\$0.11 per Placing Share.

THE PLACING AGREEMENT

The principal terms of the Placing Agreement are as follows:

Date: 9 January 2023 (after trading hours of the Stock Exchange)

Parties: (i) the Company (as issuer); and
(ii) Prime China Securities Limited (as Placing Agent).

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

The Placing Agent will charge the Company a placing commission of 1.0% of the amount which is equal to the Placing Price multiplied by the Placing Shares successfully placed by the Placing Agent. The placing commission payable to the Placing Agent under the Placing Agreement was negotiated on an arm's length basis between the Company and the Placing Agent and determined with reference to, amongst other things, the prevailing market commission rate for similar transactions, the size of the Placing and the price performance of the Shares.

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

Placees

The Placing Shares are to be placed by the Placing Agent on a best effort basis to not less than six (6) Placees, who and whose ultimate beneficial owners (if any) shall be Independent Third Parties. Upon Completion, it is expected that none of the Placees will become a substantial shareholder of the Company.

Number of Placing Shares

Assuming there will be no change in the issued share capital of the Company between the date of this announcement and the Completion Date, the maximum number of 100,000,000 Placing Shares under the Placing represents 10% of the existing issued share capital of the Company as at the date of this announcement and approximately 9.09% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares in full.

The aggregate nominal value of the maximum of 100,000,000 Placing Shares under the Placing will be HK\$11,000,000.

Placing Price

The Placing Price of HK\$0.11 per Placing Share represents:

- (i) a discount of approximately 17.3% to the closing price of HK\$0.133 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a discount of approximately 19.2% to the average closing price of HK\$0.1362 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

The Placing Price was determined and negotiated on an arm's length basis between the Company and the Placing Agent with reference to the prevailing market price of the Shares, the recent trading performance of the Shares and the nominal value of the Shares. The Directors consider that the Placing Price is fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Ranking of the Placing Shares

The Placing Shares will, on allotment and issue, rank *pari passu* in all respects with other existing Shares upon issuance free from all claims, charges, liens, encumbrances and equities, and together with all rights attaching to them as at the date of issue of the Placing Shares, including the right to receive all dividends declared, made or paid on the record date of which falls on or after the date of issue of the Placing Shares.

Conditions of the Placing

The Placing is conditional upon the satisfaction of the following conditions by not later than 27 January 2023 (or such later date as may be agreed between the Placing Agent and the Company in writing):

- (i) the Stock Exchange having granted or agreeing to grant the approval for the listing of, and permission to deal in, the Placing Shares;
- (ii) there shall not have occurred any material breach or any event rendering materially untrue or inaccurate, any of the representations, warranties or undertakings by the Company or the Placing Agent under the Placing Agreement; and
- (iii) the Placing Agreement not having been terminated in accordance with its terms.

If the above conditions are not fulfilled by 27 January 2023 or such later date as the Company and the Placing Agent may agree in writing, the Placing Agreement shall terminate and all rights, obligations and liabilities of the parties in relation to the Placing shall cease and determine and that both parties shall be released from all their respective rights and obligations pursuant to the Placing Agreement save for any antecedent breach of the Placing Agreement.

Completion of the Placing

Subject to the conditions of the Placing being fulfilled, Completion of the Placing shall take place within five Business Days immediately following the fulfillment of the Placing conditions as set forth above (or such other date as may be agreed by the Company and the Placing Agent in writing).

Application for listing of the Placing Shares

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

General Mandate to issue the Placing Shares

The Placing Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the annual general meeting of the Company held on 9 September 2022. The maximum number of Shares that can be issued under the General Mandate is 200,000,000 Shares. As at the date of this announcement, no Shares have been allotted and issued under the General Mandate. The General Mandate is sufficient for the allotment and issue of the Placing Shares. Accordingly, no separate approval of the Shareholders is required for the Placing.

Termination of the Placing Agreement

During the period from the date of the Placing Agreement to the Completion Date:

- (a) the Placing Agreement may be terminated by the mutual agreement of the Company and the Placing Agent; or
- (b) the Placing Agent may, in its reasonable opinion, after consultation with the Company, terminate the Placing Agreement by notice in writing prior to 10:00 a.m. on the Completion Date if:
 - (i) there shall have been, since the date of the Placing Agreement, such a change in national or international financial, political or economic conditions or taxation or exchange controls, as would be likely to prejudice materially the consummation of the Placing; or
 - (ii) there is any material adverse change in the financial position of the Company which is material in the context of the Placing.

Upon the giving of notice to the Company pursuant to the Placing Agreement, all obligations of each of the parties under the Placing Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach of any obligation under the Placing Agreement.

REASONS FOR THE PLACING AND THE USE OF PROCEEDS

The Group is an integrated construction contractor which provides (i) building and ancillary services; and (ii) emergency repair services in Macau and Hong Kong. The services are required in various building and construction projects in relation to hotel and casino resorts, infrastructures of electricity and water supply, and public amenities and utilities (such as carriageways, footpaths, drains and sewers).

Assuming that all the Placing Shares are fully placed, the gross proceeds from the Placing will be approximately HK\$11,000,000 and the net proceeds (after deduction of the placing commission and other expenses of the Placing) from the Placing are estimated to be approximately HK\$10,835,000, representing a net placing price of approximately HK\$0.108 per Placing Share. The Directors intend to use the net proceeds from the Placing for the general working capital of the Group.

The Board considers that the Placing represents a good opportunity to raise additional funds to strengthen the Group's financial position. It will also widen the Company's shareholder base and hopefully improve the liquidity of the Shares. The Board also considers that the terms of the Placing are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company had not conducted any equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon Completion (assuming the maximum number of Placing Shares are placed and there is no change in the share capital of the Company from the date of this announcement up to the Completion) is set out as follows:

	As at the date of this announcement		Immediately upon Completion	
	<i>Number of Shares held</i>	<i>Approximate % of total Shares in issue (Note 2)</i>	<i>Number of Shares held</i>	<i>Approximate % of total Shares in issue (Note 2)</i>
Shareholders				
Fortunate Year Investments Limited <i>(Note 1)</i>	670,000,000	67.00	670,000,000	60.91
Mr. Kong Kin I <i>(Notes 1 & 2)</i>	14,950,000	1.50	14,950,000	1.36
Placees	–	–	100,000,000	9.09
Other public Shareholders	315,050,000	31.50	315,050,000	28.64
Total	<u>1,000,000,000</u>	<u>100.00</u>	<u>1,100,000,000</u>	<u>100.00</u>

Notes:

- Fortunate Year Investments Limited is owned as to 60% by Mr. Kong Kin I and 40% by Ms. Choi Fong Lan. Under the SFO, Mr. Kong Kin I and Ms. Choi Fong Lan are deemed to be interested in all the Shares registered in the name of Fortunate Year Investments Limited.
- Mr. Kong Kin I held 14,950,000 Shares as at the date of this announcement. Under the SFO, Ms. Choi Fong Lan is deemed to be interested in the same number of Shares in which Mr. Kong Kin I is interested, and vice versa.
- The percentages are subject to rounding difference, if any.

Given that Completion may or may not take place, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday, public holiday in Hong Kong and a day on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks in Hong Kong are open for general business
“Company”	Kin Pang Holdings Limited, an exempted 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: 1722)
“Completion”	the completion of the Placing in accordance with the terms and conditions as set out in the Placing Agreement
“Completion Date”	within five Business Days immediately following the fulfillment of the Placing conditions (or such other date as may be agreed by the Company and the Placing Agent in writing)
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 9 September 2022, among other things, to allot, issue and deal with up to 200,000,000 Shares, being 20% of the then issued share capital of the Company on 9 September 2022
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not core connected persons of the Company and are third parties independent of the Company and its core connected persons in accordance with the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any professional, institutional and/or other investor(s) procured by the Placing Agent or its agents to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing, on a best effort basis, of up to 100,000,000 Placing Shares by the Placing Agent pursuant to the terms and conditions of the Placing Agreement
“Placing Agent”	Prime China Securities Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO
“Placing Agreement”	the placing agreement dated 9 January 2023 and entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.11 per Placing Share
“Placing Shares”	up to 100,000,000 new Shares to be placed pursuant to the Placing Agreement
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as may be amended from time to time
“Shareholder(s)”	holder(s) of the Share(s)
“Shares”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning as ascribed thereto under the Listing Rules

“%”

per cent.

On behalf of the Board
Kin Pang Holdings Limited
Kong Kin I
Chairman

Macau, 9 January 2023

As at the date of this announcement, the Board comprises (i) Mr. Kong Kin I (Chairman and Chief Executive Officer) and Ms. Choi Fong Lan as executive Directors; and (ii) Mr. Cheung Wai Lun Jacky, Mr. Cheung Kin Wing and Mr. Zhao Zhipeng as independent non-executive Directors.