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HONGKONG CHINESE LIMITED

香港華人有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 655)

PROPOSED CAPITAL REORGANISATION

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The Board wishes to announce that the Company proposes to undertake and implement the Capital Reorganisation for the purpose of reducing the par value of each Existing Share. The Capital Reorganisation which will involve the following steps:

- (a) the Capital Reduction, which will involve the reduction of the issued share capital of the Company through a cancellation of the paid-up capital of the Company to the extent of HK\$0.90 on each of the issued Shares such that the par value of each issued Share will be reduced from HK\$1.00 to HK\$0.10, and as a result of the Capital Reduction, the share premium account of the Company shall be increased by HK\$1,798,452,087.30 from HK\$92,274,966.87 to HK\$1,890,727,054.17;
- (b) subject to and immediately upon the Capital Reduction taking effect, the Capital Diminution will take place which will involve the cancellation of all authorised but unissued share capital of the Company (which shall include, without limitation, the authorised but unissued share capital arising from the Capital Reduction) in its entirety resulting in the diminution of the authorised share capital of the Company by such amount representing the amount of Shares cancelled;
- (c) immediately upon the Capital Diminution, the Capital Increase will take place which will involve the increase in the authorised share capital of the Company to HK\$400,000,000 by the creation of such number of additional New Shares as shall be sufficient to increase the authorised share capital of the Company to HK\$400,000,000 divided into 4,000,000,000 New Shares of par value of HK\$0.10 each;
- (d) the Share Premium Reduction, which will involve the reduction of the entire amount standing to the credit of the share premium account of the Company; and
- (e) the Crediting of Contributed Surplus, which will involve the transfer of the credit arising from the Share Premium Reduction to the Contributed Surplus Account and the authorisation for the Board to apply any credit balance in the Contributed Surplus Account in any manner permitted by the laws of Bermuda and the Bye-laws.

GENERAL

As part of the business to be transacted at the AGM, the AGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation. To the best of knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholders are required to abstain from voting on the resolution(s) proposed at the AGM.

A circular containing, among other things, further details of the Capital Reorganisation and a notice convening the AGM will be despatched to the Shareholders on or before Tuesday, 9 May 2023. Shareholders are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser if they are in doubt about any of the above matters.

Shareholders and potential investors of the Company should note that the Capital Reorganisation is conditional upon satisfaction of the conditions as set out in the paragraph headed “Conditions of the Capital Reorganisation” in this announcement. Accordingly, the Capital Reorganisation may or may not proceed.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company. If they are in any doubt, they should consult their professional advisers.

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- (b) subject to and immediately upon the Capital Reduction taking effect, the Capital Diminution will take place which will involve the cancellation of all authorised but unissued share capital of the Company (which shall include, without limitation, the authorised but unissued share capital arising from the Capital Reduction) in its entirety resulting in the diminution of the authorised share capital of the Company by such amount representing the amount of Shares cancelled;
- (c) immediately upon the Capital Diminution, the Capital Increase will take place which will involve the increase in the authorised share capital of the Company to HK\$400,000,000 by the creation of such number of additional New Shares as shall be sufficient to increase the authorised share capital of the Company to HK\$400,000,000 divided into 4,000,000,000 New Shares of par value of HK\$0.10 each;

- (d) the Share Premium Reduction, which will involve the reduction of the entire amount standing to the credit of the share premium account of the Company; and
- (e) the Crediting of Contributed Surplus, which will involve the transfer of the credit arising from the Share Premium Reduction to the Contributed Surplus Account and the authorisation for the Board to apply any credit balance in the Contributed Surplus Account in any manner permitted by the laws of Bermuda and the Bye-laws.

As at the date of this announcement, the authorised share capital of the Company is HK\$4,000,000,000 comprised of 4,000,000,000 Shares of HK\$1.00 each, of which 1,998,280,097 Shares have been issued and are fully paid or credited as fully paid.

Effects of the Capital Reorganisation

Assuming that there is no change in the issued share capital of the Company during the period from the date of this announcement to the day immediately prior to the effective date of the Capital Reorganisation, upon the Capital Reorganisation taking effect, the share capital structure of the Company will be as follows:

	As at the date of this announcement	Immediately upon the Capital Reorganisation taking effect
Par value of each Share	HK\$1.00	HK\$0.10
Amount of authorised share capital of the Company	HK\$4,000,000,000	HK\$400,000,000
Number of authorised Shares	4,000,000,000 Shares	4,000,000,000 New Shares
Number of issued Shares	1,998,280,097 Existing Shares	1,998,280,097 New Shares
Amount of issued and paid up share capital	HK\$1,998,280,097	HK\$199,828,009.70

Further, upon the Capital Reorganisation taking effect:

- (a) the share premium account of the Company will be reduced to zero;
- (b) there will be no change in the number of issued Shares or percentage level of shareholding held by or any rights of each Shareholder;
- (c) the New Shares shall rank *pari passu* in all respects with each other and subject to the restrictions in the Bye-laws; and
- (d) the existing board lot of 2,000 Shares will remain unchanged.

Other than the expenses to be incurred in relation to the Capital Reorganisation, the implementation of the Capital Reorganisation will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders.

The Capital Reorganisation will not involve the diminution of any liability in respect of any unpaid capital of the Company nor does it involve the repayment to the Shareholders of any paid up capital of the Company.

Conditions of the Capital Reorganisation

The Capital Reorganisation is conditional upon the following conditions:

- (a) the passing of the special resolution approving the Capital Reorganisation by the Shareholders at the AGM;
- (b) compliance with section 46(2) of the Companies Act, including (i) the publication of a notice of the Capital Reduction and the Share Premium Reduction in an appointed newspaper in Bermuda on a date not more than thirty days and not less than fifteen days before the date on which the Capital Reduction and the Share Premium Reduction are to take effect, and (ii) the Directors being satisfied that on the date on which the Capital Reduction and the Share Premium Reduction are to be effected, there are no reasonable grounds for believing that the Company is, or after the Capital Reduction and the Share Premium Reduction would be, unable to pay its liabilities as they become due;
- (c) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the New Shares to be allotted and issued by the Company after the Capital Reorganisation becomes effective;
- (d) the compliance with the relevant procedures and requirements under the Bye-laws, the laws of Bermuda and the Listing Rules to effect the Capital Reorganisation; and
- (e) the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Capital Reorganisation.

Subject to the fulfilment of the conditions of the Capital Reorganisation, the effective date of the Capital Reorganisation is currently expected to be on Monday, 3 July 2023.

Listing application

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the New Shares upon the Capital Reorganisation becoming effective.

Subject to the granting of listing of, and permission to deal in, the New Shares on the Stock Exchange upon the Capital Reorganisation becoming effective, as well as compliance with the stock admission requirements of HKSCC, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS

Operational Procedures in effect from time to time. All necessary arrangements will be made for the New Shares to be admitted into CCASS.

None of the Shares are listed or dealt in on any other stock exchange other than the Stock Exchange. Upon the Capital Reorganisation becoming effective, the New Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is currently proposed to be sought.

REASONS FOR THE CAPITAL REORGANISATION

The Company notes that the Shares have been trading between HK\$0.475 and HK\$0.600 during the six-month period immediately before the date of this announcement and which is below the existing par value per Share of HK\$1.00.

Under the laws of Bermuda, shares of a Bermuda company may not be issued for an amount less than the par value of the shares. Based on the current and historical trading price of the Shares, this restriction would hinder any capital raising opportunities of the Company by way of new issue of Shares.

The Capital Reorganisation will therefore provide the Company with greater flexibility to raise capital for business growth. Further, the Capital Reorganisation will also increase the credit balance of the Contributed Surplus Account which the Board may apply, as it considers appropriate and in accordance with the Bye-laws and applicable laws, for other uses such as declaring distributions which involves the use of the distributable reserves of the Company.

The Board considers that the Capital Reorganisation will have no material impact on the net asset value of the Group nor the underlying assets, business operations, management or financial position of the Group or the proportionate interests or rights of the Shareholders.

As at the date of this announcement, the Company has no plans to conduct any capital raising activities in the next 12 months. However, the Board cannot rule out the possibility that the Company will conduct capital raising exercises such as placing and rights issues when suitable opportunities arise in order to support future development of the Company. The Company will make further announcement in this regard in accordance with the Listing Rules as and when appropriate.

In view of the above reasons, the Board is of the view that the Capital Reorganisation is beneficial to and in the interests of the Company and the Shareholders as a whole.

Exchange of share certificates

Subject to the Capital Reorganisation becoming effective, which is currently expected to be on Monday, 3 July 2023, the Shareholders may during the business hours, on or after Monday, 3 July 2023 and until Tuesday, 8 August 2023 (both dates inclusive) submit existing share certificates in the colour of pink for the Existing Shares to the Company's Hong Kong Branch Share Registrar, Tricor Tengis Limited, at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong, in exchange for new share certificates in the colour of yellow for the New Shares at the expense of the Company.

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

Notwithstanding the Capital Reorganisation becoming effective, the existing share certificates for the Existing Shares will remain effective as documents of title and may be exchanged for share certificates for New Shares at any time and will be accepted for delivery, trading and settlement purposes.

EXPECTED TIMETABLE

The expected timetable for the implementation of the Capital Reorganisation is as follows:

Event	Time and Date
Despatch date of circular with notice of the AGM	on or before Tuesday, 9 May 2023
Latest date and time for lodging transfer documents in order to qualify for attending and voting at the AGM	4:30 p.m. on Monday, 29 May 2023
Closure of register of members for the entitlement to attend and vote at the AGM	Tuesday, 30 May 2023 to Friday, 2 June 2023 (both dates inclusive)
Latest date and time for lodging forms of proxy for the AGM	10:15 a.m. on Wednesday, 31 May 2023
Record date for attending the AGM	Friday, 2 June 2023
Date and time of the AGM	10:15 a.m. on Friday, 2 June 2023
Announcement of voting results of the AGM	Friday, 2 June 2023

The following events are conditional upon the fulfilment of the conditions for the implementation of the Capital Reorganisation as set out in this announcement:

Effective date of the Capital Reorganisation	Monday, 3 July 2023
First day for free exchange of existing share certificates for new share certificates for the New Shares	Monday, 3 July 2023
Dealings in the New Shares commence	9:00 a.m., Monday, 3 July 2023
Last day for free exchange of existing share certificates for new share certificates for the New Shares	Tuesday, 8 August 2023

In order to provide more certainty to the expected timetable for the Capital Reorganisation, the effective date of the Capital Reorganisation is expected to be on Monday, 3 July 2023, due to the fact that the Company would be required to seek certain consents and approvals from third parties if the Capital Reorganisation were to take place prior to such date.

All times and dates in this announcement refer to Hong Kong local times and dates. The expected timetable set out above is indicative only and may be subject to change. Any changes to the expected timetable will be announced in a separate announcement by the Company as and when appropriate.

GENERAL

As part of the business to be transacted at the AGM, the AGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation. To the best of knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholders are required to abstain from voting on the resolution(s) proposed at the AGM.

A circular containing, among other things, further details of the Capital Reorganisation and a notice convening the AGM will be despatched to the Shareholders on or before Tuesday, 9 May 2023. Shareholders are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser if they are in doubt about any of the above matters.

WARNING

Shareholders and potential investors of the Company should note that the Capital Reorganisation is conditional upon satisfaction of the conditions as set out in the paragraph headed “Conditions of the Capital Reorganisation” above in this announcement. Accordingly, the Capital Reorganisation may or may not proceed.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company. If they are in any doubt, they should consult their professional advisers.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving, inter alia, the Capital Reorganisation;
“Board”	the board of Directors;
“Bye-laws”	Bye-laws of the Company, as amended from time to time;

“Capital Diminution”	subject to and immediately upon the Capital Reduction taking effect, the proposed cancellation of all authorised but unissued share capital of the Company (which shall include, without limitation, the authorised but unissued share capital arising from the Capital Reduction) in its entirety resulting in the diminution of the authorised share capital of the Company by such amount representing the amount of Shares cancelled;
“Capital Increase”	immediately upon the Capital Diminution, the increase in the authorised share capital of the Company to HK\$400,000,000 by the creation of such number of additional New Shares as shall be sufficient to increase the authorised share capital of the Company to HK\$400,000,000 divided into 4,000,000,000 New Shares of par value of HK\$0.10 each;
“Capital Reduction”	the proposed reduction of the issued share capital of the Company through a cancellation of the paid-up capital of the Company to the extent of HK\$0.90 on each of the issued Shares such that the par value of each issued Share will be reduced from HK\$1.00 to HK\$0.10;
“Capital Reorganisation”	the proposed reorganisation of the share capital of the Company involving the Capital Reduction, the Capital Diminution, the Capital Increase, the Share Premium Reduction and the Crediting of Contributed Surplus;
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC;
“Companies Act”	the Companies Act 1981 of Bermuda, as amended, supplemented or otherwise modified from time to time;
“Company”	Hongkong Chinese Limited (香港華人有限公司*), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 655);
“Contributed Surplus Account”	the contributed surplus account of the Company within the meaning of the Companies Act;
“Crediting of Contributed Surplus”	the proposed transfer of the credit arising the Share Premium Reduction to the Contributed Surplus Account and the authorisation for the Board to apply any credit balance in the Contributed Surplus Account in any manner permitted by the laws of Bermuda and the Bye-laws;
“Directors”	the director(s) of the Company;

“Existing Share(s)”	share(s) of the Company before the Capital Reorganisation becomes effective;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“HKSCC”	Hong Kong Securities Clearing Company Limited;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“New Share(s)”	share(s) of the Company immediately after the Capital Reorganisation becoming effective;
“Share(s)”	Existing Share(s) and/or New Share(s), as the case may be;
“Shareholder(s)”	holder(s) of Shares;
“Share Premium Reduction”	the proposed reduction of the entire amount of HK\$1,890,727,054.17 standing to the credit of the share premium account of the Company; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

By Order of the Board
HONGKONG CHINESE LIMITED
John Luen Wai Lee
Chief Executive Officer

6 April 2023

As at the date of this announcement, the Board of Directors of the Company comprises seven directors, of which Dr. Stephen Riady (Chairman), Mr. John Luen Wai Lee (Chief Executive Officer) and Mr. Brian Riady as executive Directors, Mr. Leon Nim Leung Chan as non-executive Director and Mr. King Fai Tsui, Mr. Edwin Neo and Ms. Min Yen Goh as independent non-executive Directors.

** For identification purpose only*