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CHINA INVESTMENT DEVELOPMENT LIMITED

中國投資開發有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 204)

PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) EXISTING SHARE HELD ON THE RECORD DATE

Placing Agents

Cheong Lee
昌利證券

Cheong Lee Securities Limited

 **元庫證券有限公司**
SILVERBRICKS SECURITIES CO. LTD.

PROPOSED RIGHTS ISSUE

The Company proposes to implement the Rights Issue on the basis of one (1) Rights Share for every one (1) existing Share held on the Record Date at the Subscription Price of HK\$0.15 per Rights Share, to raise gross proceeds of approximately HK\$54.5 million before deducting the costs and expenses (assuming no change in the number of Shares in issue other than the full exercise of outstanding Share Options on or before the Record Date), by way of the Rights Issue of up to 363,582,506 Rights Shares to the Qualifying Shareholders. The Rights Issue is not underwritten and will not be extended to the Excluded Shareholder(s) (if any).

The estimated net proceeds of the Rights Issue, if fully subscribed, will be up to approximately HK\$53.2 million (assuming no change in the number of Shares in issue other than the full exercise of outstanding Share Options on or before the Record Date).

The Company intends to apply (i) 83.1% of the net proceeds from the Rights Issue of approximately HK\$44.2 million for repayment of the Group's bonds principal amount and accrued interests; and (ii) 16.9% of the net proceeds of approximately HK\$9.0 million for general working capitals of the Group.

Subject to the fulfilment 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.

THE PLACING AGREEMENT

On 25 May 2023 (after trading hours), the Company and the Placing Agents entered into the Placing Agreement, pursuant to which the Placing Agents have conditionally agreed to procure Placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares and the ES Unsold Rights Shares.

LISTING RULES IMPLICATIONS

As the Rights Issue, if proceeded with, will increase the number of the issued Shares by more than 50%, in accordance with Rule 7.19A and 7.27A of the Listing Rules, the Rights Issue must be made conditional on approval by Independent Shareholders in general meeting by a resolution on which any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the ordinary resolution to approve the Rights Issue at the SGM.

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors has been established to provide recommendations to 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 make recommendations to the Independent Shareholders on how to vote at the SGM. An Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Rights Issue (including the Placing Agreement), and as to voting. An announcement will be made by the Company following the appointment of the Independent Financial Adviser.

GENERAL

The SGM will be convened for the Shareholders to consider and, if thought fit, approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder. A circular containing, among other things, (i) further details of the Rights Issue; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue; and (iv) a notice convening the SGM, is expected to be despatched to the Shareholders on or before Monday, 12 June 2023.

Subject to the approval of the Rights Issue by the Independent Shareholders at the SGM, a Prospectus containing further information regarding, among other things, the Rights Issue, including information on acceptances of the Rights Shares and other information in respect of the Group, and PAL(s) are expected to be despatched to the Qualifying Shareholders on Friday, 14 July 2023.

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

The Rights Issue is subject to the fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed “Conditions precedent of the Rights Issue” in this announcement. Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not satisfied, the Rights Issue will not proceed.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares.

Any dealings in the Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled, and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares and/or Rights Shares in nil-paid form are recommended to consult their professional advisers.

PROPOSED RIGHTS ISSUE

The Company proposes the Rights Issue, details of which are summarised below:

Issue statistics

Basis of Rights Issue: One (1) Rights Share for every one (1) existing Share held by the Qualifying Shareholders at the close of business on the Record Date

Subscription Price: HK\$0.15 per Rights Share

Number of Shares in issue as at the date of this announcement: 360,394,859 Shares

Number of Rights Shares to be issued pursuant to the Rights Issue: Up to 360,394,859 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date); or

Up to 363,582,506 Rights Shares (assuming no change in the number of Shares in issue other than the full exercise of outstanding Share Options on or before the Record Date)

Aggregate nominal value of the Rights Shares: Up to HK\$36,039,485.9 (assuming no change in the number of Shares in issue on or before the Record Date); or

Up to HK\$36,358,250.6 (assuming no change in the number of Shares in issue other than the full exercise of outstanding Share Options on or before the Record Date)

Total number of Shares in issue immediately upon completion of the Rights Issue: Up to 720,789,718 Shares (assuming no change in the number of Shares in issue or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue); or

Up to 727,165,012 Shares (assuming no change in the number of Shares in issue other than the full exercise of outstanding Share Options on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)

Maximum funds raised before expenses: Up to approximately HK\$54.1 million (assuming no change in the number of Share in issue on or before the Record Date)

Up to approximately HK\$54.5 million (assuming all outstanding Share Options are exercised in full on or before the Record Date, but otherwise no further issue or repurchase of Shares on or before the Record Date and all the Rights Shares will be taken up)

As at the date of this announcement, there are 3,187,647 outstanding Share Options granted by the Company exercisable into 3,187,647 Shares. Save for the aforesaid, the Group had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares as at the date of this announcement. As at the date of this announcement, the Board has not received any information or other undertakings from any Shareholders of their intention to take up or not to take up the securities of the Company to be offered to them under the Rights Issue. The Company has no intention to issue or grant any Shares, convertible securities, warranties and/or options on or before the Record Date.

Assuming no further issue or repurchase of Shares other than the full exercise of outstanding Shares Options on or before the Record Date, the number of 363,582,506 Rights Shares to be issued and allotted pursuant to the Rights Issue represent (i) 100.88% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 50.00% of the total number of issued Shares as enlarged by the allotment and issuance of the Rights Shares immediately after completion of the Rights Issue.

Non-underwritten basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders will be placed to independent Placées under the Compensatory Arrangements. Any Unsubscribed Rights Shares or ES Unsold Rights Shares remain not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue. There are no applicable statutory requirements under the laws of the Bermuda regarding minimum subscription levels in respect of the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, the Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares and Share Options under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue 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 in accordance to the note to Rule 7.19(5)(b) of the Listing Rules.

Subscription Price

The Subscription Price of HK\$0.15 per Rights Share is payable in full when a Qualifying Shareholder accepts the relevant provisional allotment of Rights Shares or when a transferee of nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 41.18% to the closing price of HK\$0.255 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 41.86% to the average closing price of HK\$0.258 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 40.71% to the average closing price of approximately HK\$0.253 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 26.11% to the theoretical ex-rights price of approximately HK\$0.203 per Share based on the closing price of HK\$0.255 per Share as quoted on the Stock Exchange on the Last Trading Day;

- (v) a discount of approximately 83.05% to the unaudited consolidated net asset value per Share of approximately HK\$0.885 (based on the latest published unaudited consolidated net asset value attributable to Shareholders per Share as at 30 April 2023). The Directors noted that the Shares were traded at a discount to the net asset value per Share throughout the 12-month period immediately prior to the date of the Placing Agreement, of which the discount of the closing price of the Shares as compared with the net asset value per Share ranged from HK\$0.796 per Share to HK\$0.960 per Share. Accordingly, the Directors consider that the net asset value per Share is not a meaningful benchmark to determine the Subscription Price, instead, the prevailing market price of the Shares would be a more appropriate reference in determining the Subscription Price in this regard; and
- (vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 20.39% represented by the theoretical diluted price of approximately HK\$0.203 to the benchmarked price of approximately HK\$0.255 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.255 and the average closing price of approximately HK\$0.255 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the date of this announcement).

The Subscription Price was determined with reference to, among other things, the recent market prices of the Shares, the current market conditions and the amount of funds the Company intends to raise under the Rights Issue as discussed in the section headed “REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS” in this announcement.

The Subscription Price was determined with reference to, among others, (i) the trading price of the Shares over the two months prior to the Last Trading Day (i.e. in the range from HK\$0.239 to HK\$0.470) which has been volatile in comparison to the previous months and which the Directors are unaware of any reason for such volatility; (ii) the theoretical ex-rights price; and (iii) the reasons and benefits of Rights Issue as discussed in the paragraph headed “Reasons for the Rights Issue and the use of proceeds” in this announcement. The Directors (excluding the independent non-executive Directors whose view will be formed after considering the opinion of the Independent Financial Adviser) consider that each Qualifying Shareholder will be provisionally allotted the Rights Shares at the same Subscription Price in proportion to his/her/its shareholdings held on the Record Date and the terms of the Rights Issue, including the Subscription Price which has been set as a discount to the recent closing prices of the Shares with an objective of encouraging existing Shareholders to take up their provisional allotments so as to participate in the potential growth of the Company, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Directors (excluding the members of the Independent Board Committee whose opinion will be set forth in the circular of the Company after having been advised by the Independent Financial Adviser) consider that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The net price per Rights Share is estimated to be approximately HK\$0.146, if fully subscribed.

Basis of provisional allotment

The basis of the provisional allotment shall be one (1) Rights Share for every one (1) existing Share held by the Qualifying Shareholder as at the close of business on the Record Date.

The PAL relating to the Rights Shares will be enclosed with the Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Rights Shares as shown therein. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing a PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

The Company will send the Prospectus to the Excluded Shareholders (if any) for their information only, but will not send any PAL to them on Friday, 14 July 2023.

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not be an Excluded Shareholder on the Record Date.

In order to be registered as a member of the Company on the Record Date, a Shareholder must lodge the relevant transfer(s) of Share(s) (with the relevant share certificates) with the Registrar at Suites 3301–04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong by 4:00 p.m. on Thursday, 6 July 2023.

The last day of dealings in the Shares on a cum-rights basis is Tuesday, 4 July 2023. The Shares will be dealt with on an ex-rights basis from Wednesday, 5 July 2023.

Shareholders with their Shares 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.

Shareholders with their Shares held by a nominee (or held in CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date. For investors whose Shares are held by a nominee (or held in CCASS) and would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the Registrar at Suites 3301–04, 33/F, Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong for registration no later than 4:00 p.m. on Thursday, 6 July 2023.

Qualifying Shareholders who take up their pro-rata entitlement in full will not suffer any dilution to their interests in the Company. **If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.**

Rights of Overseas Shareholders (if any)

The Prospectus Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

Pursuant to Rule 13.36(2a) of the Listing Rules, the Directors will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholder(s) under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If, after making such enquiries, the Directors are of the opinion that it would be necessary or expedient 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 to exclude such Overseas Shareholder(s) from the Rights Issue, no Rights Shares (whether in nil-paid or fully-paid form) will be offered to such Overseas Shareholder(s). In such circumstances, the Rights Issue will not be extended to the Excluded Shareholder(s). The basis for excluding the Excluded Shareholders, if any, from the Rights Issue will be set out in the Prospectus. The Company will send the Prospectus to the Excluded Shareholders (if any) for their information only but will not send any PAL to them.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders in their nil-paid form, to be sold in the market as soon as practicable after dealings in the nil-paid Rights Shares commence, and in any event before the last day for dealings in nil-paid Rights Shares if a premium (net of expenses) can be obtained. Proceeds of each sale, less expenses and stamp duty, of not less than HK\$100 will be paid pro-rata (rounded down to the nearest cent) to the relevant Excluded Shareholder(s) in Hong Kong dollars. In view of administrative costs, the Company will retain individual amounts of less than HK\$100 for its own benefit.

Any ES Unsold Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders in nil-paid form, will be placed by the Placing Agents at the price at least equal to the Subscription Price under the Placing Arrangement together with the Unsubscribed Rights Shares. Any Unsubscribed Rights Shares and the ES Unsold Rights Shares remain not placed after completion of the Placing Arrangement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. For the nil-paid Rights Shares that were sold as described above and the buyer of such nil paid Rights Shares who will not take up the entitlement, such Unsubscribed Rights Shares will be subject to the Compensatory Arrangements.

As at the date of this announcement, there are a total of 8 Overseas Shareholder with registered addresses situated outside Hong Kong in the People's Republic of China and the British Virgin Islands.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.

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, Excluded Shareholders should exercise caution when dealing in the Shares.

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully paid, will rank pari passu in all respects among themselves and with the Shares in issue at the time. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid by the Company after the date of allotment and issue of the Rights Shares. Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Fractional entitlements to the Rights Shares

On the basis of provisional allotment of one (1) Rights Share for every one (1) existing Share held on the Record Date, no fractional entitlements to the Rights Shares shall be issued to the Shareholders.

Procedures in respect of Unsubscribed Rights Shares and the ES Unsold Rights Shares and the Compensatory Arrangements

The Company will make arrangements described in Rule 7.21(1)(b) of the Listing Rule to dispose of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by offering the Unsubscribed Rights Shares and the ES Unsold Rights Shares to independent Placees for the benefit of Shareholders to whom they were offered by way of the Rights Issue. There will be no excess application arrangements in relation to the Rights Issue.

The Company therefore appointed the Placing Agents to place the Unsubscribed Rights Shares and the ES Unsold Rights Shares after the Latest Time for Acceptance of the Rights Shares to be allotted and issued under the Rights Issue to independent Placees on a best effort basis. Any premium over the Subscription Price for those Rights Shares that is realised will be paid to the No Action Shareholders and Excluded Shareholders on a pro-rata basis. The Placing Agents will, on a best effort basis, procure, by not later than 6:00 p.m., on Wednesday, 9 August 2023, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and the ES Unsold Rights Shares if a premium over the Subscription Price and the expenses of procuring such acquirers (including any related commissions and any other related expenses/fees) can be obtained. Any Unsubscribed Rights Shares and the ES Unsold Rights Shares remain not placed after completion of the Placing Arrangement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Net Gain (if any) will be paid (without interest) on pro-rata basis (on the basis of all Unsubscribed Rights Shares and ES Unsold Rights Shares) to the No Action Shareholders and the Excluded Shareholders (but rounded down to the nearest cent) as set out below:

- (i) where the nil-paid rights are, at the time they lapse, represented by a PAL, to the person whose name and address appeared on the PAL (unless that person is covered by (iii) below);
- (ii) where the nil-paid rights are, at the time they lapse, registered in the name of HKSCC Nominees Limited, to the beneficial holders (via their respective CCASS participants) as the holder of those nil-paid rights in CCASS (unless that person is covered by (iii) below);
- (iii) if the Rights Issue is extended to the Overseas Shareholders and where an entitlement to the Rights Shares was not taken up by such Overseas Shareholders, to that Overseas Shareholders.

It is proposed that Net Gain to any of the No Action Shareholder(s) mentioned in (i) to (iii) above of HK\$100 or more will be paid to them in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit. Shareholders are reminded that Net Gain may or may not be realised, and accordingly the No Action Shareholders and the Excluded Shareholders may or may not receive any Net Gain.

THE PLACING AGREEMENT

On 25 May 2023 (after trading hours), the Company and the Placing Agents entered into the Placing Agreement, pursuant to which the Placing Agents has conditionally agreed as agents of the Company (either by themselves or through their sub-placing agents) to procure independent Placees, on a best effort basis, to subscribe for the Unsubscribed Rights Shares and the ES Unsold Rights Shares. Details of the Placing Arrangement are as follows:

Date:	25 May 2023 (after trading hours)
Parties:	(i) the Company, as issuer; and (ii) the Placing Agents
Placing Agents:	Cheong Lee Securities Limited and Silverbricks Securities Company Limited, appointed as the Placing Agents to place the Unsubscribed Rights Shares and the ES Unsold Rights Shares on a best effort basis. The Placing Agents confirmed that they are independent of and not connected with the Company and its connected person and not a connected person of the Company.
Fees and expenses:	1.0% of the amount which is equal to the placing price multiplied by the Unsubscribed Rights Shares and ES Unsold Rights Shares that have been successfully placed by the Placing Agents pursuant to the terms of the Placing Agreement and reimbursed for the expenses in relation to the placing of the Unsubscribed Rights Shares and ES Unsold Rights Shares, which the Placing Agents are authorised to deduct from the payment to be made by the Placing Agents to the Company at completion.

Placing price of each of the Unsubscribed Rights Share and/or the ES Unsold Rights Share (as the case may be):	<p>The placing price of each of the Unsubscribed Rights Share and/or the ES Unsold Rights Share (as the case may be) shall not be less than the Subscription Price.</p> <p>The final price determination will be dependent on the demand for and market conditions of the Unsubscribed Rights Shares and/or the ES Unsold Rights Shares.</p>
Placees:	<p>Any individuals, corporate, institutional investor(s) or other investor(s) who are professional investors as defined under the SFO (Cap 571), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies), procured by the Placing Agents and/or Sub-Placing Agents to subscribe for any of the Unsubscribed Rights Shares and the ES Unsold Rights Shares pursuant to the Placing Agreement and the subscription amount of each placee shall not be less than HK\$500,000.</p>
Ranking of the Unsubscribed Rights Shares and the ES Unsold Rights Shares:	<p>The Unsubscribed Rights Shares and the ES Unsold Rights Shares (when placed, allotted, issued and fully paid) shall rank pari passu in all respects inter se and with all other Shares then in issue.</p>
Termination of the Placing Agreement:	<p>The Placing Arrangement shall end on the Long Stop Date or any other date by mutual written agreement between the Placing Agents and the Company.</p> <p>If any of the following events occur at any time prior to the Long Stop Date, the Placing Agents may (after such consultation with the Company and/or its advisers as the circumstances shall admit or be necessary), by giving a written notice to the Company, at any time on or prior to the Long Stop Date, terminate the Placing Agreement without liability to the other parties hereto and, subject to the clauses stated on the Placing Agreement which shall continue, the Placing Agreement shall thereupon cease to have effect and none of the parties hereto shall have any rights or claims by reason thereof save for any rights or obligations which may accrue under the Placing Agreement prior to such termination:</p>

- (a) in the reasonable opinion of the Placing Agents 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
- (b) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any matter whatsoever which may adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (c) any material breach of any of the representations and warranties comes to the knowledge of the Placing Agents or any event occurs or any matter arises on or after the date hereof and prior to the Long Stop Date which if it had occurred or arisen before the date hereof would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of this Agreement; or
- (d) there is any adverse change in the financial position of the Company which in the reasonable opinion of the Placing Agents is material in the context of the Placing.

Conditions precedent of the Rights Issue:

The Placing is conditional upon the fulfillment of the following conditions:

- (i) the Listing Committee of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Rights Shares, including the Placing Shares;

- (ii) none of the representations, warranties or undertakings contained in this Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect if it was repeated as at the time of completion; and
- (iii) the Placing Agreement not having been terminated in accordance with the provisions thereof.

The Placing Agents may, in its absolute discretion, waive the fulfillment of all or any or any part of the conditions (other than those set out in paragraph (i) above) by notice in writing to the Company.

Completion:

Subject to the fulfillment of the conditions set out in the above conditions (i) to (iii), the completion of the Placing under the Placing Agreement shall take place at the offices of the Placing Agents within six (6) Business Days after publication of an announcement by the Company of the number of the Unsubscribed Rights Shares and the ES Unsold Rights Shares under the Rights Issue and upon fulfilment or waiver (as the case may be) of the conditions precedent to the Placing Agreement or such other date as the Company and the Placing Agents may agree.

The engagement between the Company and the Placing Agents for the placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares was determined after arm's length negotiations between the Placing Agents and the Company and is on normal commercial terms with reference to the market comparables, the existing financial position of the Group, the size of the Rights Issue, and the current and expected market condition. The Directors consider the terms of the Placing Arrangement for the Unsubscribed Rights Shares and the ES Unsold Rights Shares (including the commission payable) are on normal commercial terms.

Given that the Compensatory Arrangements would provide (i) a distribution channel of the Unsubscribed Rights Shares and the ES Unsold Rights Shares to the Company; and (ii) a compensatory mechanism for No Action Shareholders and the Excluded Shareholders, the Directors considers that the Compensatory Arrangements are fair and reasonable and would provide adequate safeguard to protect the interest of the Company's minority 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 to be issued and allotted pursuant to the Rights Issue. No part of the share capital of the Company is listed or dealt in or on which listing or permission to deal in is being or is proposed to be sought on any other stock exchange.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be in the board lots of 20,000 Rights Shares, will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy or any other applicable fees and charges in Hong Kong.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their 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 respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates 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 trading 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.

Stamp duty and other applicable fees

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

Taxation

Qualifying Shareholders are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for the Rights Shares, or about purchasing, holding or disposals of, or dealings in or exercising any rights in relation to the Shares or the Rights Shares, and similarly, the Excluded Shareholders (if any) as regards their receipt of the net proceeds of sale of the Rights Shares otherwise falling to be issued to them under the Rights Issue under the laws of jurisdictions in which they are liable to taxation. It is emphasised that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Shares or the Rights Shares.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue as set out below, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered address, at their own risks, on or before Monday, 14 August 2023. Each Shareholder will receive one share certificate for all allotted Shares. If the Rights Issue does not become unconditional, refund cheques, without interest, in respect of application monies received are expected to be despatched on or before Monday, 14 August 2023 by ordinary post at the respective Shareholders' own risk to the registered address of the relevant applicant, or in case of joint applicants, to the address of the first-named person.

Arrangement on odd lot trading

Upon completion of the Rights Issue, the board lots of the Company will remain as 20,000 Shares. In order to facilitate the trading of odd lots of Shares which will arise upon the Rights Issue, the Company has appointed Cheong Lee Securities Limited to stand in the market and provide matching services on a best effort basis for the holders of odd lots of Shares during the period from 9:00 a.m. on Tuesday, 15 August 2023 to 4:00 p.m. on Friday, 1 September 2023 (both days inclusive). Holders of odd lots Shares who wish to take advantage of this facility either to dispose of their odd lots of Shares or to top up to board lots of 20,000 Shares should contact Ms. Linda Yu of the Cheong Lee Securities Limited at Unit B, 15/F., Bank of East Asia Harbour View Center, 56 Gloucester Road, Wanchai, Hong Kong or at telephone number (852) 3426 6338 during office hours of such period. Holders of Shares in odd lots should note that the matching services mentioned above are on a best effort basis only and successful matching of the sale and purchase of odd lots of Shares is not guaranteed and will depend on there being adequate amount of odd lots of Shares available for matching. Shareholders are advised to consult their financial advisers if they are in doubt about the above arrangements.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 7 July 2023 to Thursday, 13 July 2023 (both dates inclusive) for the purpose of determining entitlements to the Rights Issue.

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

REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

The Company is an investment company listed under Chapter 21 of the Listing Rules and its purpose is to achieve medium to long-term capital appreciation as well as income from interest and dividend by investing principally in listed and unlisted securities.

Assuming full subscription under the Rights Issue, the gross proceeds from the Rights Issue will be approximately HK\$54.5 million and the estimated net proceeds of the Rights Issue will be approximately HK\$53.2 million. The estimated expenses of the Rights Issue are approximately HK\$1.3 million, which include placing commission and professional fees payable to the financial advisers, legal counsels, financial printer and other parties involved in the Rights Issue and will be borne by the Company. The net subscription price per Rights Share is expected to be approximately HK\$0.146.

The Company intends to use the net proceeds from the Rights Issue for the following purposes:

- (i) approximately 83.1% (or approximately HK\$44.2 million), will be used for repayment of the Group's bonds principal amount and accrued interests. As at 30 April 2023, the four short-term unsecured bond agreements with independent parties at value of approximately HK\$10.00 million, HK\$8.00 million, HK\$22.00 million and HK\$2.27 million respectively and maturity dates of the bonds outstanding is up to 4 August 2023, 25 August 2023, 25 October 2023 and 29 March 2024 respectively; and
- (ii) approximately 16.9% (or approximately HK\$9.0 million) will be used as the general working capital of the Group mainly including salaries, rental and management fee and legal and professional fee.

When the Company entered into the said bond agreements on 5 August 2022, 26 July 2022, 26 October 2022 and 30 March 2023 respectively, the Board assessed the internal resources and investments on hands and based on the market value of those investments available at that time, planned to settle the debts by realizing the listed securities on hand and the debt securities upon their maturity. The Directors confirmed that at that time China was still in the midst of the COVID-19 lockdown, the Company placed the utmost importance on pandemic prevention and control, and closely monitor the day-to-day operations and management of its principal businesses to reduce the adverse impacts on the Group's operations and financial performance caused by the pandemic. However, the sentiment of capital markets has rapidly changed after lifting of the pandemic restrictions in China. The Board has reassessed recent market condition and determined that the Company should adopt a more active approach in its investment strategies as the markets gained momentum on back of robust recovery in the Chinese economy. The listed securities held by the Company have made substantial gains this year and the Company considered that it should continue to hold on to these listed securities for medium to long term appreciation. The listed security was pledged to the bond holders and its maturity date is on 25 October 2023. The Company is unable to release such listed security to repay the bond with the earliest maturity date on 4 August 2023. In addition, the Directors consider that the debt securities on hand are enjoying a relative high yield compared to other fixed income securities in China. The Company therefore planned to continue to invest in those debt securities after their maturity. The Company also approached all the debt securities' issuers to request for the early redemption of the debt securities. However, those debt securities' issuers do not agree to have such early redemption. As at 30 September 2022, there was approximately HK\$132.0 million of other receivables, deposits and prepayments which mainly contributed by deposits paid for three potential venture investments in PRC with carrying amount of approximately HK\$123.1 million. Subsequently, the Company has signed the S&P agreements with the targets to acquire their equities. Such deposits have thus been used as part of the investments. Details of the debt securities and other receivables, deposits and prepayments are set at the interim report for the six months ended 30 September 2022 published on 16 December 2022. Furthermore, the bank balance of the Group was approximately HK\$2.6 million as at 30 April 2023 which is not sufficient to repay the bonds. The Company also approached its principal bankers and other borrowers to obtain additional funding. However, the Company have been rejected. It is unfavorable for the Company to borrow funding as the Company do not have assets to be pledged and have net loss financial position in the past few years. In view of the above, the Company considered that it would be in the interest of the Company and its shareholders as a whole to conduct the Rights Issue to repay the bonds and as general working capital.

The Board has considered various ways of raising funds and believe that the Rights Issue is the most efficient way in terms of time and costs for the Company. The Board considers it is prudent to finance the Group's long-term growth by long term financing, preferably in the form of equity which will not increase the Group's finance costs. The Board has considered other fund-raising alternatives before resolving to the Rights Issue, including but not limited to debt financing, open offer, placing and subscription.

Debt financing will result in additional interest burden, higher gearing ratio of the Group and subject the Group to repayment obligations. In addition, debt financing may not be achievable on favourable terms in a timely manner.

As for open offer, while it is similar to a rights issue, offering qualifying shareholders to participate, it does not allow free trading of rights entitlements in the open market.

Amongst the equity financing methods, placing or subscription of new Shares would dilute the shareholding of the existing Shareholders without giving the chance to the existing Shareholders to participate. In the contrary, the Rights Issue will enable the Company to strengthen its capital base and to enhance its financial position without increasing its debt or finance costs.

On the other hand, the Board considers that the Rights Issue, being pre-emptive in nature, would allow all Qualifying Shareholders to participate in the future development of the Company and at the same time offer more flexibility to the Qualifying Shareholders to choose whether to maintain, increase or decrease their respective pro rata shareholdings in the Company by taking up only their respective rights entitlement, acquiring additional rights entitlement or disposing of their rights entitlements in the open market (subject to availability).

Taking into consideration gross proceeds of approximately HK\$54.5 million based on the Subscription Price (subject to the adjustment to the number of Rights Shares to be allotted and issued to them so as not to trigger an obligation to make a general offer under the Takeovers Code or result in the Company failing to comply with the Public Float Requirement (as the case may be)), the Board is of the view that the Rights Issue can serve the intended purpose of broadening the capital base of the Company. The Board expects that the Rights Issue will enable the Group to achieve improvement in its financial position and strengthening its competitiveness. The Board considers and reviews investment opportunities from time to time. As at the date of this announcement, the Company has not entered into any agreement related to investment and there is no investment proposal to be secured. In light of the prevailing volatile market conditions and the uncertainty brought about by the tension between the US and China as a result of the trade war, and the uncertainty on the operation of the Group as a result of the COVID-19 pandemic, the Board is of the view that it would be in the best interest of the Company and the Shareholders as a whole to repay the Group's bonds principal amount and accrued interests and be used as the general working capital of the Group.

The funding required will depend on the availability of potential investees and the results of our researches and study procedures on them. Subject to the decision of the Board and the actual fund raised by the Rights Issue, the Company will adjust the selection criteria on the potential investment targets.

The Company considers that the placing obligations of the Placing Agents are more or less similar to an underwriter of the Rights Issue (except that the Placing Agents are on best effort basis). As such, the Company subsequently decided to conduct the Rights Issue on non-underwritten basis and to adopt the Placing Arrangement simultaneously in order to ensure sufficient funds could be raised.

Based on the above, the Board considers that raising capital through the Rights Issue is fair and reasonable and in the interests of the Company and the Shareholders as a whole. **However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Excluded Shareholder(s) (if any) should note that their shareholdings will be diluted.**

SHAREHOLDING STRUCTURES

Set out below are the shareholding structures of the Company as at the date of this announcement to immediately after completion of the Rights Issue assuming (i) no exercise of the outstanding Share Options on or before the Record Date; and (ii) the exercise of all the outstanding Share Options in full on or before the Record Date, (a) as at the date of this announcement; (b) immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by the existing Shareholders; and (c) immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and all Unsubscribed Rights Shares and ES Unsold Rights Shares have been placed by the Placing Agents:

Scenario 1: assuming no exercise of the outstanding Share Options on or before the Record Date

Shareholders	At the date of this announcement		Immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and all Unsubscribed Rights Shares and ES Unsold Rights Shares have been placed by the Placing Agents			
	<i>Number of Shares</i>	<i>Approximately (Note 1)</i>	<i>Number of Shares</i>	<i>Approximately (Note 1)</i>	<i>Number of Shares</i>	<i>Approximately (Note 1)</i>
Substantial Shareholders						
Lanzhou Wile Home Furnishing Service Co. Limited	36,000,000	9.99%	72,000,000	9.99%	36,000,000	4.99%
Tider Holdings Limited	29,072,000	8.07%	58,144,000	8.07%	29,072,000	4.03%
Yeung Weixu	26,611,000	7.38%	53,222,000	7.38%	26,611,000	3.69%
Tse Yun Lam Aries	25,352,200	7.03%	50,704,400	7.03%	25,352,200	3.52%
Sub-total	117,035,200	32.47%	234,070,400	32.47%	117,035,200	16.23%
Directors						
Han Zhenghai	10,068,000	2.79%	20,136,000	2.79%	10,068,000	1.40%
Zhu Zhikun	4,890,000	1.36%	9,780,000	1.36%	4,890,000	0.68%
Sub-total	14,958,000	4.15%	29,916,000	4.15%	14,958,000	2.08%
Public Shareholders						
Placees	—	—	—	—	360,394,859	50.00%
Other public Shareholders	228,401,659	63.38%	456,803,318	63.38%	228,401,659	31.69%
Sub-total	228,401,659	63.38%	456,803,318	63.38%	588,796,518	81.69%
Total	<u>360,394,859</u>	<u>100.00%</u>	<u>720,789,718</u>	<u>100.00%</u>	<u>720,789,718</u>	<u>100.00%</u>

Scenario 2: assuming the exercise of all outstanding Share Options in full on or before the Record Date

Shareholders	At the date of this announcement		Immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and all Unsubscribed Rights Shares and ES Unsold Rights Shares have been placed by the Placing Agents			
	<i>Number of Shares</i>	<i>Approximately (Note 1)</i>	<i>Number of Shares</i>	<i>Approximately (Note 1)</i>	<i>Number of Shares</i>	<i>Approximately (Note 1)</i>
Substantial Shareholders						
Lanzhou Wile Home Furnishing Service Co. Limited	36,000,000	9.99%	72,000,000	9.90%	36,000,000	4.95%
Tider Holdings Limited	29,072,000	8.07%	58,144,000	8.00%	29,072,000	4.00%
Yeung Weixu	26,611,000	7.38%	53,222,000	7.32%	26,611,000	3.66%
Tse Yun Lam Aries	25,352,200	7.03%	50,704,400	6.97%	25,352,200	3.48%
Sub-total	117,035,200	32.47%	234,070,400	32.19%	117,035,200	16.09%
Directors (the “Six Directors”)						
Han Zhenghai (Note 2)	10,068,000	2.79%	21,900,370	3.01%	10,950,185	1.51%
Zhu Zhikun	4,890,000	1.36%	9,780,000	1.35%	4,890,000	0.67%
Deng Dongping (Note 3)	—	—	1,764,370	0.24%	882,185	0.12%
Liu Lihan (Note 4)	—	—	1,764,370	0.24%	882,185	0.12%
Mo Li (Note 5)	—	—	176,436	0.02%	88,218	0.01%
Shi Zhu (Note 6)	—	—	200,000	0.03%	100,000	0.02%
Sub-total	14,958,000	4.15%	35,585,546	4.89%	17,792,773	2.45%
Public Shareholders						
Options Holders except the Six Directors	—	—	705,748	0.10%	352,874	0.05%
Places	—	—	—	—	363,582,506	50.00%
Other public Shareholders	228,401,659	63.38%	456,803,318	62.82%	228,401,659	31.41%
Sub-total	228,401,659	63.38%	457,509,066	62.92%	592,337,039	81.46%
Total	<u>360,394,859</u>	<u>100.00%</u>	<u>727,165,012</u>	<u>100.00%</u>	<u>727,165,012</u>	<u>100.00%</u>

Notes:

- The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.

2. Mr. Han Zhenghai, who is the non-executive Director, beneficially owns 882,185 Share Options.
3. Mr. Deng Dongping, who is the non-executive Director, beneficially owns 882,185 Share Options.
4. Mr. Liu Lihan, who is the non-executive Director, beneficially owns 882,185 Share Options.
5. Ms. Mo Li, who is the independent non-executive Director, beneficially owns 88,218 Share Options.
6. Mr. Shi Zhu, who is the independent non-executive Director, beneficially owns 100,000 Share Options.

Shareholders and public investors should note that the above shareholding changes are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including the results of acceptance of the Rights Issue.

POSSIBLE ADJUSTMENT TO THE OUTSTANDING SHARE OPTIONS

As at the date of this announcement, there are 3,187,647 outstanding share options under the Share Option Scheme. Pursuant to the terms and conditions of the Share Option Scheme and the Listing Rules, the exercise price and/or the number of the outstanding Share Options granted under the Share Option Scheme will be adjusted. Further announcement will be made in respect of the said adjustments as and when appropriate.

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

The Company has conducted the following equity fund raising activities during the past 12 months immediately preceding the date of this announcement:

Date of initial announcement	Fund raising activity	Net proceeds raised	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
15 September 2022	Placing new shares under general mandate	Approximately HK\$37.4 million	Future investment opportunities as may be identified from time to time, repayment of borrowings and general working capital of the Group	Approximately HK\$17.4 million for a commercial bill in public transport sector; approximately HK\$6.0 million for investment in Hong Kong listed company in logistics sector; approximately HK\$10.0 million for investment in United States dollar denominated fund; and approximately HK\$4.0 million for general working capital

As at the date of this announcement, save for the Rights Issue, there is no agreement, arrangement, understanding, intention, negotiation (concluded or otherwise) for any fund-raising activity for the Group in the coming 12 months; and the Company has no intention to carry out any other corporate actions or arrangements that may affect the trading in the Shares (including share consolidation, share subdivision and change in board lot size) in the coming 12 months.

EXPECTED TIMETABLE

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.

Event	Time and date
Expected despatch date of circular with notice and form of proxy for the SGM	Monday, 12 June 2023
Latest time for lodging transfers of Shares to qualify for attendance and voting at the SGM	4:00 p.m. on Monday, 26 June 2023
Closure of register of members of the Company for attending the SGM (both dates inclusive)	Tuesday, 27 June 2023 to Monday 3 July 2023
Latest time for lodging forms of proxy for the purpose of the SGM	11:00 a.m. on Saturday, 1 July 2023
Record date for determining attendance and voting at the SGM.	Monday, 3 July 2023
Expected date and time of the SGM.	11:00 a.m. on Monday, 3 July 2023
Announcement of poll results of the SGM.	Monday, 3 July 2023
Register of members of the Company re-opens.	Tuesday, 4 July 2023
Last day of dealings in the Shares on a cum-rights basis relating to the Rights Issue	Tuesday, 4 July 2023
First day of dealings in the Shares on an ex-rights basis relating to the Rights Issue	Wednesday, 5 July 2023

Latest time for the Shareholders to lodge transfer documents of the Shares in order to be qualified for the Rights Issue.	4:00 p.m. on Thursday, 6 July 2023
Closure of the register of members of the Company for the Rights Issue (both dates inclusive)	Friday, 7 July 2023 to Thursday, 13 July 2023
Record Date for determining entitlements to the Rights Issue	Thursday, 13 July 2023
Register of members of the Company re-opens.	Friday, 14 July 2023
Prospectus Documents expected to be despatched	Friday, 14 July 2023
First day of dealings in Nil Paid Rights Shares	Tuesday, 18 July 2023
Latest time for splitting of the PAL.	4:00 p.m. on Thursday, 20 July 2023
Last day of dealings in Nil Paid Rights Shares	Tuesday, 25 July 2023
Latest time to lodge transfer documents of Nil-Paid Rights Shares in order to qualify for the payment of Net Gain.	4:00 p.m. on Friday, 28 July 2023
Latest time of acceptance of and payment for the Rights Shares . . .	4:00 p.m. on Friday, 28 July 2023
Announcement of the number of the Unsubscribed Rights Shares and ES Unsold Rights Shares subject to the Compensatory Arrangements.	Wednesday, 2 August 2023
Commencement of placing of Unsubscribed Rights Shares and ES Unsold Rights Shares by the Placing Agents.	Thursday, 3 August 2023
Latest time of placing of the Unsubscribed Rights Shares and ES Unsold Rights Shares by the Placing Agents.	6:00 p.m. on Wednesday, 9 August 2023

Latest time for the Rights Issue and placing of the
Unsubscribed Rights Shares and ES Unsold
Rights Shares to become unconditional Thursday, 10 August 2023

Announcement of the results of Rights Issue (including results
of the placing of Unsubscribed Rights Shares and the ES Unsold
Rights Shares and the amount of the Net Gain per Unsubscribed
Rights Share and per ES Unsold Rights Share under the
Compensatory Arrangements) to be posted on the
Stock Exchange's website and the Company's website. Friday, 11 August 2023

Refund cheques, if any, to be despatched
(if the Rights Issue does not proceed) Monday, 14 August 2023

Share certificates for fully-paid
Rights Shares to be despatched Monday, 14 August 2023

Expected commencement of dealings in
fully-paid Rights Shares 9:00 a.m. on Tuesday,
15 August 2023

Designated broker starts to stand in the market to
provide matching services for odd lots of Shares. Tuesday, 15 August 2023

Payment of the Net Gain to relevant No Action Shareholders
(if any) or Excluded Shareholders (if any). Monday, 28 August 2023

Designated broker ceases to provide matching services
for odd lot of Shares Friday, 1 September 2023

All times and dates stated in this announcement refer to Hong Kong local times and dates.

Dates or deadlines specified in the expected timetable above are indicative only and may be extended or varied by the Company in agreement with the Placing Agents and in accordance with the Listing Rules. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

EFFECT OF BAD WEATHER OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

Whenever any part of the expected timetable of the Rights Issue as enlisted in the provisions of the Placing Agreement may be interrupted by a typhoon, a black rainstorm warning or Extreme Conditions, the Company shall properly inform the Shareholders of the corresponding contingency arrangements, which contingency arrangements shall include the Latest Time for Acceptance not taking place on the time as scheduled:

- (a) if a tropical cyclone warning signal no. 8 or above, a black rainstorm warning and/or Extreme Conditions is in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the day on which the Latest Time for Acceptance is initially scheduled to fall, the Latest Time for Acceptance be extended to 5:00 p.m. on the same Business Day; or
- (b) if a tropical cyclone warning signal no. 8 or above, a black rainstorm warning and/or Extreme Conditions is in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the day on which the Latest Time for Acceptance is initially scheduled to fall, the Latest Time for Acceptance be extended to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on or before 4:00 p.m. on Friday, 28 July 2023, the dates mentioned herein may be affected. The Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable of the Rights Issue as soon as practicable.

LISTING RULES IMPLICATIONS

In accordance with Rule 7.19A(1) and Rule 7.27A(1) of the Listing Rules, as the Rights Issue will increase the total number of issued Shares by more than 50% within a 12 month period immediately preceding the date of this announcement, the Rights Issue will be subject to the approval by the Independent Shareholders at the SGM by way of poll at 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 resolution(s) relating to the Rights Issue at the SGM.

THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors has been established to provide recommendations to 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 make recommendations to the Independent Shareholders on how to vote at the SGM. An Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Rights Issue (including the Placing Agreement), and as to voting. An announcement will be made by the Company following the appointment of the Independent Financial Adviser.

GENERAL

The SGM will be convened for the Independent Shareholders to consider and, if thought fit, approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder. A circular containing, among other things, (i) further information regarding the Rights Issue, the Placing Agreement and the transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue, the Placing Agreement and the transactions contemplated thereunder; (iv) other information required under the Listing Rules; and (v) a notice convening the SGM, is expected to be despatched to the Shareholders on or before 12 June 2023.

Subject to the fulfilment of the conditions precedent as set out in the Placing Agreement, the Company will despatch the Prospectus Documents containing, among other things, details of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder, to the Qualifying Shareholders on the Prospectus Posting Date. The Company will despatch the Prospectus (without the PAL) to the Excluded Shareholders for their information only.

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

The Rights Issue is subject to the fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed “Conditions precedent of the Rights Issue” in this announcement. Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not satisfied, the Rights Issue will not proceed.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares.

Any dealings in the Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled, and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares and/or Rights Shares in their nil-paid form are recommended to consult their professional advisers.

DEFINITIONS

“acting in concert”	having the meaning as set out in the Takeovers Code
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday and Sunday and any day on which “extreme conditions” caused by super typhoons is announced by the Government of Hong Kong or a tropical cyclone warning signal no. 8 or above is issued or remains issued between 9:00 a.m. and 12:00 noon and is not cancelled at or before 12:00 noon or on which a “black” rainstorm warning is in effect or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Cheong Lee Securities Limited”	Cheong Lee Securities Limited, a licensed corporation to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 5 (advising on future contracts) regulated activities under the SFO, being the placing agent appointed by the Company to place any Unsubscribed Rights Shares and the ES Unsold Rights Shares under the Compensatory Arrangements

“Company”	China Investment Development Limited, a company incorporated in Cayman Islands and continued in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange (Stock Code: 204)
“Compensatory Arrangements”	placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by the Placing Agents on a best effort basis pursuant to the Placing Agreement in accordance with Rule 7.21(1)(b) of the Listing Rules
“connected persons”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“COVID-19”	novel coronavirus (COVID-19), a coronavirus identified as the cause of an outbreak of respiratory illness
“Director(s)”	the director(s) of the Company
“ES Unsold Rights Share(s)”	the Rights Share(s) which would otherwise has/have been provisionally allotted to the Excluded Shareholder(s) in nil-paid form that has/have not been sold by the Company
“Excluded Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary or expedient not to offer the Rights Shares to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Extreme Conditions”	the extreme conditions as announced by any Hong Kong Government department or body or otherwise, whether or not under or pursuant to the revised “Code of Practice in Times of Typhoons and Rainstorms” issued by the Labour Department in June 2019 in the event of serious disruption of public transport services, or government services, extensive flooding, major landslides or large-scale power outage after typhoons or incidents similar in seriousness or nature
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, 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
“Independent Board Committee”	the 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 in respect of the Rights Issue and the Placing Agreement
“Independent Financial Adviser”	an independent financial adviser to be appointed by the Company with the approval of the Independent Board Committee for the purpose of advising the Independent Board Committee and the Independent Shareholders of the Company on the terms of the Rights Issue and the Placing Agreement
“Independent Shareholders”	the shareholders, save and except the controlling shareholders of the Company (within the meaning of the Listing Rules) or the Directors and their associates, who are not required under the Listing Rules to abstain from voting on the resolution(s) to approve the Rights Issue at the SGM
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons within the meaning of the Listing Rules
“Last Trading Day”	25 May 2023, being the last trading day for the Shares on the Stock Exchange before the release of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Friday, 28 July 2023 or such later time or date as may be agreed between the Parties in writing, being the latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus Documents
“Listing Committee”	has the meaning ascribed thereto under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Long Stop Date”	Thursday, 10 August 2023 or such later date as may be agreed between the Placing Agents and the Company
“Net Gain”	any premiums paid by the Placees over the Subscription Price for the Unsubscribed Rights Shares and the ES Unsold Rights Shares placed by the Placing Agents under the Compensatory Arrangements
“Nil Paid Rights”	rights to subscribe for Rights Shares before the Subscription Price is paid
“No Action shareholder(s)”	Qualifying Shareholders or their renounees who do not subscribe for the Rights Shares (whether partially or fully) under the PAL(s), or such persons who hold any Nil Paid Rights at the time such Nil Paid Rights lapse
“Overseas Shareholders”	such Shareholder(s) whose registered address(es) (as shown in the register of members of the Company at the close of business on the Record Date) is/are situated outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) for the Rights Shares to be issued to the Qualifying Shareholders in respect of their entitlements under the Rights Issue
“Placee(s)”	any individuals, corporate, institutional investor(s) or other investor(s), who are professional investors as defined under the Securities and Futures Ordinance (Cap 571), who and whose ultimate beneficial owner(s) shall be the Independent Third Party(ies), procured by the Placing Agents and/or their sub placing agent(s) to subscribe for any of the Unsubscribed Rights Shares and the ES Unsold Rights Shares pursuant to the Placing Agreement
“Placing Agents”	Cheong Lee Securities Limited and Silverbricks Securities Company Limited
“Placing Agreement”	conditional placing agreement dated 25 May 2023 entered into between the Company and the Placing Agents in relation to the placing of Unsubscribed Rights Shares and the ES Unsold Rights Shares to the Placee(s) on a best effort basis

“Placing Arrangement”	the placing arrangement for the Unsubscribed Rights Shares and the ES Unsold Rights Shares as described in the section headed “The Placing Agreement” in this announcement
“Prospectus”	the prospectus (including any supplementary prospectus, if any) to be despatched to the Shareholders in connection with the Rights Issue in such form as may be agreed between the Parties
“Prospectus Documents”	the Prospectus and the PAL and any supplementary prospectus or supplementary provisional allotment letter (if required)
“Prospectus Posting Date”	Friday, 14 July 2023 or such other date as may be agreed between the Parties in writing, being the date for the despatch of the Prospectus Documents (in case of Excluded Shareholder(s), the Prospectus only)
“Public Float Requirement”	the public float requirement under Rule 8.08 of the Listing Rules
“Qualifying Shareholders”	the Shareholders whose names appear on the register of members of the Company at the close of business on the Record Date, other than the Excluded Shareholders
“Record Date”	Thursday, 13 July 2023 or such other date as may be agreed between the Parties in writing, being the date for the determination of the entitlements under the Rights Issue
“Registrar”	Union Registrars Limited, being the branch share registrar and transfer office of the Company in Hong Kong at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong
“Rights Issue”	the proposed issue of the Rights Shares for subscription by the Qualifying Shareholders on the basis of one (1) Rights Share for every one (1) existing Share in issue and held on the Record Date at the Subscription Price payable in full on application and otherwise on the terms and subject to the conditions set out in the Placing Agreement and the Prospectus Documents

“Rights Share(s)”	up to 363,582,506 new Shares for subscription by the Qualifying Shareholders by way of the Rights Issue
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), including its amendments from time to time
“SGM”	A special general meeting of the Company to be held and convened to consider and approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) with par value of HK\$0.10 each in the share capital of the Company
“Share Option(s)”	as at the date of this announcement, 3,187,647 outstanding share options granted under the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company on 28 December 2018
“Shareholder(s)”	holder(s) of the Share(s)
“Silverbricks Securities Company Limited”	Silverbricks Securities Company Limited, a licensed corporation to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts) and type 6 (advising on corporate finance) regulated activities under the SFO, being the placing agent appointed by the Company to place any Unsubscribed Rights Shares and the ES Unsold Rights Shares under the Compensatory Arrangements
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	The subscription price of HK\$0.15 per Rights Share
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC (as amended and supplemented from time to time)

“Unsubscribed Rights Shares” the Rights Shares that are not subscribed by the Qualifying Shareholders

“%” per cent

By order of the Board
China Investment Development Limited
Han Zhenghai
Chairman

Hong Kong, 25 May 2023

As at the date of this announcement, the Board comprises Mr. Chan Cheong Yee and Mr. Chan Yiu Pun Clement as executive Director; Mr. Han Zhenghai (Chairman), Mr. Deng Dongping, Mr. Liu Lihan, Mr. Zhu Zhikun, Mr. Lyu Ping and Ms. Mo Xiuping as non-executive Directors; and Ms. Mo Li, Mr. Shi Zhu and Ms. Chen Shunqing as independent non-executive Directors.