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美捷滙控股有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1389)

- (1) PROPOSED SHARE CONSOLIDATION;**
- (2) PROPOSED CHANGE IN BOARD LOT SIZE;**
- (3) PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY THREE (3) CONSOLIDATED SHARES HELD ON THE RECORD DATE;**
- (4) CONNECTED TRANSACTION IN RELATION TO THE UNDERWRITING AGREEMENT; AND**
- (5) APPLICATION FOR WHITEWASH WAIVER**

Financial adviser to the Company



Placing Agent to the Placing



**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**

RAINBOW.

RAINBOW CAPITAL (HK) LIMITED
流博資本有限公司

PROPOSED SHARE CONSOLIDATION

The Board intends to put forward a proposal to the Shareholders to effect the Share Consolidation which involves the consolidation of every ten (10) issued and unissued Existing Shares of HK\$0.00125 each into one (1) Consolidated Share of HK\$0.0125 each.

As at the date of this announcement, the authorised share capital of the Company is HK\$10,000,000 divided into 8,000,000,000 Existing Shares of HK\$0.00125 each, of which 3,326,000,000 Existing Shares have been issued and are fully paid or credited as fully paid. Assuming no further Shares will be issued or repurchased between the date of this announcement and the date of the EGM, immediately after the Share Consolidation becoming effective but before the completion of the Rights Issue, the authorised share capital of the Company will become HK\$10,000,000 divided into 800,000,000 Consolidated Shares of HK\$0.0125 each, of which 332,600,000 Consolidated Shares (which are fully paid or credited as fully paid) will be in issue.

No Shareholder is involved or interested in or has a material interest in the Share Consolidation and the transactions contemplated thereunder and therefore no Shareholder is required to abstain from voting in favour of the resolution to approve the Share Consolidation and the transactions contemplated thereunder by way of poll at the EGM.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lot size of 4,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 4,000 Existing Shares to 12,000 Consolidated Shares upon the Share Consolidation becoming effective.

Shareholders and potential investors should note that the Share Consolidation is conditional upon satisfaction of the conditions as set out in the paragraph headed “Conditions of the Share Consolidation” in this announcement and the Change in Board Lot Size is conditional upon the Share Consolidation becoming effective. Accordingly, the Share Consolidation and the Change in Board Lot Size may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company. If they are in any doubt, they should consult their professional advisers.

PROPOSED RIGHTS ISSUE

The Board proposes, subject to, among other things, the Share Consolidation becoming effective, to conduct the Rights Issue on the basis of two (2) Rights Shares for every three (3) Consolidated Shares held on the Record Date at the Subscription Price of HK\$0.136 per Rights Share, to raise gross proceeds of approximately HK\$30.2 million before expenses (assuming no further issue or repurchase of Shares on or before the Record Date), by way of the Rights Issue of up to 221,733,332 Rights Shares to the Qualifying Shareholders. The Rights Issue is only available to the Qualifying Shareholders and will not be available to the Excluded Shareholders.

The estimated net proceeds from the Rights Issue, if fully subscribed, after deducting all necessary expenses, are estimated to be approximately HK\$29.0 million (assuming no further issue or repurchase of Shares on or before the Record Date). Details of the use of proceeds are set out in the paragraph headed “Reasons for and benefits of the Rights Issue and use of proceeds” under the section headed “Proposed Rights Issue” in this announcement. The Rights Issue is fully underwritten by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement.

THE PLACING AGREEMENT

On 14 December 2023 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent. The Placing Agent will, on a best efforts basis during the Placing Period, seek to procure subscribers who (or as the case may be, their ultimate beneficial owner(s)) are Independent Third Parties and not acting in concert with the Underwriter, Mr. Cheung or Ms. Lin for all (or as many as possible) of the Unsubscribed Shares. Details of the Placing Agreement are set out in the section headed “The Placing Agreement” in this announcement.

THE UNDERWRITING AGREEMENT

On 14 December 2023 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter. The Rights Issue will be fully underwritten by the Underwriter. Details of the Underwriting Arrangement are set out in the section headed “The Underwriting Agreement” in this announcement.

IRREVOCABLE UNDERTAKING

As at the date of this announcement, the Underwriter is interested as to 975,859,600 Shares, representing approximately 29.34% of the Existing Shares. Pursuant to the Irrevocable Undertaking, the Underwriter has unconditionally and irrevocably undertaken to the Company, (i) prior to the close of the Rights Issue, not to offer for sale, sell, transfer, contract to sell or otherwise dispose of any of (a) the 975,859,600 Existing Shares (equivalent to 97,585,960 Consolidated Shares, upon the Share Consolidation becoming effective) ultimately beneficially held by the Underwriter as at the date of the Irrevocable Undertaking or (b) the nil-paid rights pertaining to the 65,057,306 Rights Shares provisionally allotted to the Underwriter; (ii) the 975,859,600 Existing Shares (equivalent to 97,585,960 Consolidated Shares, upon the Share Consolidation becoming effective) registered in its name and/or under the name(s) of its nominee(s) as at the date of the Irrevocable Undertaking shall remain registered in its name and/or under the name(s) of its nominee(s) on the Record Date and until the close of the Rights Issue; and (iii) to apply and pay for the Rights Shares which will be in the provisional allotment of Rights Shares in respect of the 975,859,600 Existing Shares (equivalent to 97,585,960 Consolidated Shares, upon the Share Consolidation becoming effective).

Save for the Irrevocable Undertaking and Ms. Lin’s intention to apply and pay for the Rights Shares which will be in the provisional allotment of Rights Shares in respect of the Shares held by her on the Record Date, the Company has not received any information or irrevocable undertaking from any other Shareholders of their intention in relation to the Rights Shares to be allotted to them under the Rights Issue as at the date of this announcement.

WARNING OF THE RISK OF DEALINGS IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

The Rights Issue is conditional upon fulfilment of the conditions set out in the paragraph headed “Conditions of the Rights Issue” under the section headed “Proposed Rights Issue” of this announcement, 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; and the Executive having granted the Whitewash Waiver to the Underwriter. Accordingly, the Rights Issue may or may not proceed.

Any Shareholders or potential investors contemplating selling or purchasing the Shares, and/or the nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled will bear the risk that the Rights Issue may not become unconditional and may not proceed.

Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company. Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

CLOSURE OF REGISTER OF MEMBERS FOR EGM

The register of members of the Company will be closed from Tuesday, 16 January 2024 to Monday, 22 January 2024 (both dates inclusive) for the purpose of determining the identity of the Shareholders entitled to attend and vote at the EGM. No transfer of Shares will be registered during the above book closure period.

CLOSURE OF REGISTER OF MEMBERS FOR RIGHTS ISSUE

The register of members of the Company will be closed from Monday, 29 January 2024 to Friday, 2 February 2024 (both dates inclusive) for the purpose of determining entitlements to the Rights Issue. During this period, no transfer of Shares will be registered.

LISTING RULES IMPLICATIONS

Rights Issue

In accordance with Rule 7.19A(1) of the Listing Rules, as the Rights Issue will increase the total number of issued Shares by more than 50% within 12 months period immediately preceding the date of this announcement (after taking into account the effect of the Share Consolidation), the Rights Issue is subject to the approval of the Shareholders at the EGM by way of poll. Pursuant to Rule 7.27A of the Listing Rules, the Rights Issue must be made conditional on approval by the Shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue at the EGM.

As at the date of this announcement, the Company has no controlling Shareholder as defined under the Listing Rules. Mr. Cheung, the chairman and chief executive officer of the Company and an executive Director, beneficially controls 986,999,600 Existing Shares in aggregate, representing approximately 29.67% of the entire issued share capital of the Company, and accordingly, Mr. Cheung and his associates, including the Underwriter and Ms. Lin are required to abstain from voting in favour of the proposed resolution(s) to approve the Rights Issue at the EGM in accordance with Rule 7.27A(1) of the Listing Rules. No other Directors are interested in the Shares as at the date of this announcement. Save for Mr. Cheung, the Underwriter and Ms. Lin, no other Shareholder is required to abstain from voting on the relevant resolution(s) at the EGM.

The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

Connected transaction in relation to the Underwriting Agreement

As at the date of this announcement, Silver Tycoon Limited, the Underwriter under the Underwriting Agreement, is a substantial Shareholder and therefore a connected person of the Company. Accordingly, the transaction contemplated under the Underwriting Agreement constitutes a connected transaction of the Company under the Listing Rules and the Underwriting Agreement is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Underwriter and its associates shall abstain from voting in respect of the resolution relating to the Underwriting Agreement at the EGM.

TAKEOVERS CODE IMPLICATIONS AND APPLICATION FOR THE WHITEWASH WAIVER

As at the date of this announcement, the Underwriter, Mr. Cheung, Ms. Lin and their respective concert parties are interested in 986,999,600 Shares in aggregate, representing approximately 29.67% of the entire issued share capital of the Company.

Assuming (i) there is no change in the number of issued Shares from the date of this announcement up to and including the date of closing of the Rights Issue; (ii) none of the Qualifying Shareholders other than the Underwriter have taken up their entitlements under the Rights Issue; and (iii) none of the Unsubscribed Shares have been taken up under the Unsubscribed Arrangements, the aggregate interests in the Company held by the Underwriter, Mr. Cheung, Ms. Lin and their respective concert parties upon the close of the Rights Issue will increase from the current level of approximately 29.67% to approximately 57.80% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares. The Underwriter will, in the absence of the Whitewash Waiver, be obliged to make a mandatory cash offer for all issued Shares not already owned or agreed to be acquired by it pursuant to Rule 26 of the Takeovers Code, unless the Whitewash Waiver is granted.

An application will be made by the Underwriter to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, (i) the approval of the Whitewash Waiver by at least 75% of the Independent Shareholders at the EGM by way of poll; and (ii) the approval by more than 50% of the Independent Shareholders at the EGM by way of poll in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder. The Underwriter, Mr. Cheung, Ms. Lin and the parties acting in concert with any of them and those who are involved in and/or interested in the Rights Issue, the Placing Agreement, the Underwriting Agreement or the Whitewash Waiver are required to abstain from voting in favour of the proposed resolution approving the Whitewash Waiver at the EGM. If the Whitewash Waiver is not granted by the Executive, the Rights Issue will not proceed.

GENERAL

The EGM will be convened and held to consider, and if thought fit, to approve, among other things, the Share Consolidation, the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Yue Kwai Wa Ken, Mr. Ngai Hoi Ying and Mr. Siu Shing Tak, has been established to advise the Independent Shareholders in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated therein, and the Whitewash Waiver, and as to the voting action therefor.

Rainbow Capital (HK) Limited has been appointed as the independent financial adviser to advise the Independent Board Committee in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement and the Whitewash Waiver. The appointment of the Independent Financial Adviser has been approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code.

The Circular containing, among other things, (i) further details of the Share Consolidation, the Change in Board Lot Size, the Rights Issue, the Irrevocable Undertaking, the Placing Agreement, the Underwriting Agreement, the Whitewash Waiver 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, the Underwriting Agreement, the Whitewash waiver 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, the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder; and (iv) a notice convening the EGM, is expected to be despatched to the Shareholders on or before 4 January 2024.

Subject to the fulfilment of certain conditions of the Rights Issue, including the approval of the Shareholders at the EGM and upon the Share Consolidation becoming effective, the Company will despatch the Prospectus Documents containing, among other matters, details of the Rights Issue, to the Qualifying Shareholders on the Prospectus Posting Date. Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company may despatch the Prospectus to the Excluded Shareholders for their information only but the Company will not send the PAL to the Excluded Shareholders. For the avoidance of doubt, the Excluded Shareholders (if any) are entitled to attend and vote at the EGM.

PROPOSED SHARE CONSOLIDATION

The Board intends to put forward a proposal to the Shareholders to effect the Share Consolidation which involves the consolidation of every ten (10) issued and unissued Existing Shares of HK\$0.00125 each into one (1) Consolidated Share of HK\$0.0125 each. As none of the Shareholders or their respective associates would have any interest in the Share Consolidation, no Shareholder would be required to abstain from voting in favour of the resolution relating to the Share Consolidation at the EGM.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the following:

- (i) the passing of the ordinary resolution(s) by the Shareholders to approve the Share Consolidation at the EGM;
- (ii) the compliance with all relevant procedures and requirements under the laws of the Cayman Islands and Hong Kong (where applicable), the Listing Rules to effect the Share Consolidation; and
- (iii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares arising from the Share Consolidation.

The Share Consolidation will become effective on Wednesday, 24 January 2024, being the next Business Day immediately following the fulfillment of the above conditions.

Effects of the Share Consolidation

As at the date of this announcement, the authorised share capital of the Company is HK\$10,000,000 divided into 8,000,000,000 Existing Shares of HK\$0.00125 each, of which 3,326,000,000 Existing Shares have been issued and are fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective and on the basis that no further Shares will be allotted, issued or repurchased prior thereto, the authorised share capital of the Company will become HK\$10,000,000 divided into 800,000,000 Consolidated Shares of HK\$0.0125 each, of which 332,600,000 Consolidated Shares (which are fully paid or credited as fully paid) will be in issue and fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective, the Consolidated Shares will rank pari passu in all respects with each other in accordance with the Company's articles of association. No fractional Consolidated Shares arising from the Share Consolidation, if any, will be issued by the Company to the Shareholders. Any fractional entitlements of Consolidated Shares will be aggregated, and if possible, sold and retained for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of share certificates held by such holder.

Other than the relevant expenses to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the interests or rights of the Shareholders, save for any fractional Consolidated Shares which may arise and the necessary professional expenses for the implementation of the Share Consolidation.

Other securities of the Company

As at the date of this announcement, the Company had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares.

Odd lots arrangements and matching services

In order to alleviate the difficulties arising from the existence of odd lots of the Consolidated Shares arising from the Share Consolidation, the Company will procure an arrangement with an agent to stand in the market to provide matching services for sale and purchase of odd lots of the Consolidated Shares on a best effort basis. Further details in respect of the odd lots arrangements will be set out in the Circular to be issued by the Company.

Holders of odd lots of the Consolidated Shares should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares are not warranted. Any Shareholder who is in any doubt about the odd lots arrangements is recommended to consult his/her/its own professional advisers.

Exchange of share certificates for Consolidated Shares

Subject to the Share Consolidation having become effective, Shareholders may, during the specified period from Wednesday, 24 January 2024 to Monday, 4 March 2024 (both days inclusive), submit the existing share certificates for the Existing Shares to the branch share registrar and transfer office of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, in exchange, at the expense of the Company, for new share certificates for the Consolidated Shares. Thereafter, existing share certificates for Existing Shares will continue to be good evidence of legal title and may be exchanged for new share certificates for Consolidated Shares at the expense of the Shareholders on payment of a fee of HK\$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) for each existing share certificate cancelled or each new share certificate issued for Consolidated Shares (whichever is higher) but are not acceptable for trading, settlement and registration purposes.

The new share certificates for the Consolidated Shares will be issued in red colour in order to distinguish them from the existing share certificates in green colour.

Listing and dealings

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated 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 Consolidated 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 Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in on any stock exchange other than the Stock Exchange, and at the time the Share Consolidation becomes effective, the Consolidated 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 proposed to be sought.

PROPOSED CHANGE IN BOARD LOT SIZE

The Existing Shares are currently traded on the Stock Exchange in board lot size of 4,000 Existing Shares. The Board proposes to change the board lot size for trading from 4,000 Existing Shares to 12,000 Consolidated Shares per board lot upon the Share Consolidation becoming effective.

Based on the closing price of HK\$0.029 per Existing Share (equivalent to the theoretical closing price of HK\$0.29 per Consolidated Share) as at the date of this announcement, (i) the value per board lot of 4,000 Existing Shares is HK\$116; (ii) the value of each board lot of 4,000 Consolidated Shares would be HK\$1,160 assuming the Share Consolidation becoming effective; and (iii) the estimated value per board lot of 12,000 Consolidated Shares would be HK\$3,480 on the assumption that the Change in Board Lot Size had also become effective.

The Change in Board Lot Size will not result in any change in the relative rights of the Shareholders.

REASONS FOR THE SHARE CONSOLIDATION AND CHANGE IN BOARD LOT SIZE

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the share approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the listed issuer to either change the trading method or to proceed with a consolidation or splitting of the Existing Shares. The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 (and updated on 1 October 2020) has further stated that (i) market price of the share at a level less than HK\$0.10 each will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules; and (ii) taking into account that the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

In view of the recent trading price of the Shares at a level below HK\$0.10 and the value per board lot being substantially less than HK\$2,000, the Board considers that upon the Share Consolidation becoming effective, the share price of the Company would be adjusted to HK\$0.29 per Consolidated Share (based on the closing price of HK\$0.029 per Existing Share as at the date of this announcement); and with a board lot size of 12,000 Consolidated Shares, the new board lot value would be HK\$3,480, which would enable the Company to comply with the trading requirements under the Listing Rules. Further, it is expected that the Share Consolidation will increase the nominal value of the Shares. Accordingly, the Share Consolidation will bring about a corresponding upward adjustment in the trading price per board lot of the Consolidated Shares on the Stock Exchange, which will reduce the overall transaction and handling costs of dealings in the Consolidated Shares. As a result, the Share Consolidation would not only enable the Company to comply with the trading requirements under the Listing Rules, but would also attract more investors and hence broaden the Shareholder base.

The Share Consolidation and the Change in Board Lot Size will not have any material adverse effect on the financial position of the Company nor result in change in the relative rights of the Shareholders and are in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, save for the Share Consolidation and the proposed Rights Issue as disclosed under the section headed “Proposed Rights Issue” below, the Company has no intention to carry out other corporate action or arrangement, including share consolidation, share sub-division and capital reduction, in the next 12 months, which may have an effect of undermining or negating the intended purpose of the Share Consolidation and the Change in Board Lot Size.

However, in the event there is any change to the business environment and/or financial position of the Group due to unforeseeable circumstances, and the Company is required to conduct further fundraising exercises when suitable opportunities arise in order to support future development of the Group, the Company will publish further announcement(s) in compliance with the Listing Rules as and when appropriate.

PROPOSED RIGHTS ISSUE

The Board proposes, subject to, amongst others, the Share Consolidation becoming effective, the Rights Issue with the terms set out as follows:

Issue statistics

Basis of the Rights Issue	:	Two (2) Rights Shares for every three (3) Consolidated Shares held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.136 per Rights Share
Net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue)	:	Approximately HK\$0.131 per Rights Share

Number of Shares in issue as at the date of this announcement	:	3,326,000,000 Existing Shares
Number of Consolidated Shares in issue upon the Share Consolidation becoming effective	:	332,600,000 Consolidated Shares
Number of Rights Shares to be issued pursuant to the Rights Issue	:	221,733,332 Rights Shares (assuming no Shares are issued or repurchased on or before the Record Date)
Aggregate nominal value of the Rights Shares	:	Approximately HK\$2,771,667 (assuming no Shares are issued or repurchased on or before the Record Date)
Total number of Consolidated Shares in issue upon completion of the Rights Issue	:	554,333,332 Consolidated Shares (assuming no Shares are issued or repurchased on or before the Record Date)
Gross proceeds from the Rights Issue	:	Approximately HK\$30.2 million before expenses (assuming no Shares are issued or repurchased on or before the Record Date)
Underwriter	:	Silver Tycoon Limited, a company wholly and beneficially owned by Mr. Cheung

As at the date of this announcement, the Company had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares.

Assuming no Shares are issued or repurchased on or before the Record Date, the 221,733,332 Rights Shares to be issued pursuant to the terms of the Rights Issue represent approximately 66.7% of the total number of issued Consolidated Shares upon the Share Consolidation becoming effective and approximately 40.0% of the total number of issued Consolidated Shares as enlarged by the issue of the Rights Shares.

Subscription Price

The Subscription Price of HK\$0.136 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 53.10% to the closing price of HK\$0.290 per Consolidated Share as quoted on the Stock Exchange on the Last Trading Day, assuming Share Consolidation has become effective;

- (ii) a discount of approximately 51.77% to the average closing price per Consolidated Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.282, assuming Share Consolidation has become effective;
- (iii) a discount of approximately 50.90% to the average closing price per Consolidated Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.277, assuming Share Consolidation has become effective;
- (iv) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of a discount of approximately 21.24% represented by the theoretical diluted price of approximately HK\$0.228 to the benchmarked price of approximately HK\$0.290 per Consolidated Share (as defined under Rule 7.27B of the Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.290 per Consolidated Share and the average closing price of the Consolidated Shares in the five trading days immediately prior to the date of this announcement of HK\$0.282 per Consolidated Share), assuming Share Consolidation has become effective;
- (v) a discount of approximately 58.79% to the consolidated net asset value per share attributable to the Shareholders as at 31 March 2023 of approximately HK\$0.330 calculated based on the audited consolidated net assets of the Group attributable to the Shareholders of approximately HK\$109,813,000 as at 31 March 2023 as set out in the annual report of the Company for the year ended 31 March 2023 and 332,600,000 Consolidated Shares in issue as at the date of this announcement, assuming the Share Consolidation became effective on 31 March 2023; and
- (vi) a discount of approximately 56.96% to the consolidated net asset value per Share attributable to the Shareholders as at 30 September 2023 of approximately HK\$0.316 calculated based on the unaudited consolidated net assets of the Group attributable to the Shareholders of approximately HK\$105,102,000 as at 30 September 2023 as set out in the interim report of the Company for the six months ended 30 September 2023 and 332,600,000 Consolidated Shares in issue as at the date of this announcement, assuming the Share Consolidation became effective on 30 September 2023.

The Rights Issue will not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

The Subscription Price was determined taking into consideration (i) the recent market price of the Existing Shares; (ii) the prevailing market conditions; (iii) the low trading volume of the Existing Shares; and (iv) the amount of funds the Company intends to raise under the Rights Issue for the purposes described in the section headed “Reasons for the Rights Issue and the use of proceeds” in this announcement. The Directors consider that the Subscription Price at a discount to the current market price of the Existing Shares would enhance the attractiveness of the Rights Issue, and in turn encourage the Shareholders to participate in the Rights Issue, and accordingly allow them to maintain their shareholdings in the Company and participate in the future growth and development of the Group.

The Directors (other than the members of the Independent Board Committee whose view will be set out in the Circular after taking into account the advice of the Independent Financial Adviser) consider that, in view of prevailing market conditions and factors as described above, the terms of the Rights Issue, including the Subscription Price, are on commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. The net price per Rights Share (i.e., Subscription Price less the estimated cost and expenses to be incurred in the Rights Issue) upon full acceptance of the relevant provisional allotment of Rights Shares will be approximately HK\$0.131 per Rights Share.

Basis of provisional allotment

Under the Rights Issue, the basis of the provisional allotment will be two (2) Right Shares for every three (3) Consolidated Shares held by the Shareholders as at the close of business on the Record Date at the Subscription Price. 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 cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before 4:00 p.m. on the Latest Time for Acceptance.

If a Qualifying Shareholder wishes to accept only a part of, or to renounce or transfer a part of, the Rights Shares provisionally allotted to him/her/it under the PAL, such Qualifying Shareholder will need to split his/her/its PAL into the denominations required. Details as to how to split the PALs will be set out in the Prospectus.

Fractional provisional allotment of the Rights Shares

Rights Shares in provisional allotment will be rounded down to the nearest whole number. No fractional Rights Shares will be issued under the Rights Issue. All fractions of Rights Shares will be aggregated and first placed by the Placing Agent under the Unsubscribed Arrangements (see details set out in the paragraphs headed "Procedures in respect of the Unsubscribed Shares and the Unsubscribed Arrangements" below) to Independent Third Parties.

Status of the Rights Shares

The Rights Shares (when allotted, fully paid or credited as fully paid and issued) will rank pari passu in all respects among themselves and with the Consolidated Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the fully-paid 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.

Qualifying Shareholders

The Rights Issue will only be available to the Qualifying Shareholders. The Company will send the Prospectus Documents to the Qualifying Shareholders. Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company may send copies of the Prospectus to the Excluded Shareholders for their information only but will not send any PAL to them.

To qualify for the Rights Issue, a Shareholder must:

- (i) be registered as a member of the Company at the close of business on the Record Date; and
- (ii) be a Qualifying Shareholder.

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will consider nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company and 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.

In order to be registered as members of the Company on the Record Date, the Shareholders must lodge any transfer documents of the Shares (together with the relevant share certificates) with the Registrar, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by no later than 4:30 p.m. on Friday, 26 January 2024.

The Company expects to send the Prospectus Documents to the Qualifying Shareholders on Monday, 5 February 2024.

Qualifying Shareholders who take up their pro-rata entitlement in full under the Rights Issue will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements).

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.

Certificates of the Rights Shares

Subject to fulfilment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be sent on or about Tuesday, 5 March 2024 by ordinary post to those entitled thereto, at their own risk, to their registered addresses.

Application for listing in nil-paid and fully-paid forms

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be allotted and issued pursuant to the Rights Issue. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and the 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 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.

Rights of Overseas Shareholders

The Prospectus Documents to be issued in connection with the Rights Issue will not be registered or filed under the securities law of any jurisdiction other than Hong Kong. If there are Overseas Shareholders at the close of business on the Record Date, the Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below. For the avoidance of doubt, the Overseas Shareholders (if any) are entitled to attend and vote at the EGM.

As at the date of this announcement, there are two Overseas Shareholders with registered addresses situated in the PRC. The Board will comply with Rule 13.36(2)(a) of the Listing Rules and make necessary enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders (if any) under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If, based on legal advice, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to any Overseas Shareholders on account either of the legal restrictions under the laws of relevant place(s) or the requirements of the relevant overseas regulatory body or stock exchange, no provisional allotment of the nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders. In such circumstances, the Rights Issue will not be extended to the Excluded Shareholders.

The basis for excluding the Excluded Shareholders, if any, from the Rights Issue will be set out in the Prospectus to be issued. To the extent reasonably practicable and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, the Company will send the Prospectus (without the PAL) and a letter explaining the circumstances in which the Excluded Shareholders are not permitted to participate in the Rights Issue to the Excluded Shareholders for their information only.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2) of the Listing Rules. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares. The Company reserves the right to treat as invalid any acceptances of, or applications for, the Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their own professional advisers.

CLOSURE OF REGISTER OF MEMBERS FOR EGM

The register of members of the Company will be closed from Tuesday, 16 January 2024 to Monday, 22 January 2024 (both dates inclusive) for the purpose of determining the identity of the Shareholders entitled to attend and vote at the EGM. No transfer of Shares will be registered during the above book closure period.

CLOSURE OF REGISTER OF MEMBERS FOR RIGHTS ISSUE

The register of members of the Company will be closed from Monday, 29 January 2024 to Friday, 2 February 2024 (both dates inclusive) for the purpose of determining entitlements to the Rights Issue. During this period, no transfer of Shares will be registered.

Procedures in respect of the Unsubscribed Shares and the Unsubscribed Arrangements

Pursuant to Rule 7.26A(2) of the Listing Rules, as the Underwriter, being a substantial shareholder, will act as the underwriter of the Rights Issue, the Company must make arrangements as stipulated in Rule 7.26A(1)(b) of the Listing Rules to dispose of any Unsubscribed Shares by offering such Unsubscribed Shares to independent placees for the benefit of the relevant No Action Shareholders.

Any Unsubscribed Shares (which comprise (i) the fractional Rights Shares aggregated as described under the section headed “Proposed Rights Issue – Fractional provisional allotment of the Rights Shares” above; (ii) the Rights Shares that are not subscribed by the Qualifying Shareholders; and/or (iii) Rights Shares which would otherwise have been in the provisional allotments of the Excluded Shareholders) will be first placed by the Placing Agent under the Unsubscribed Arrangements to investors who (or as the case may be, their ultimate beneficial owner(s)) are Independent Third Parties and not acting in concert with the Underwriter, Mr. Cheung or Ms. Lin, and if not successfully placed out, will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

In order to comply with the Listing Rules, the Company has entered into the Placing Agreement with the Placing Agent to place the Unsubscribed Shares at the Placing Price. Any unplaced Unsubscribed Shares will then be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

THE PLACING AGREEMENT

Principal terms of the Placing Agreement are summarised below:

Placing Agent	:	Lego Securities Limited
Placing commission	:	3% of the actual gross proceeds from the subscription of the Unsubscribed Shares under the Placing
Placing Price	:	not less than HK\$0.136 per Unsubscribed Share
Placing Period	:	a period commencing from the first (1st) Business Day immediately after the Latest Time for Acceptance (i.e. 22 February 2024 under the current timetable) and ending on 5:00 p.m. on the fourth (4th) business day after the Latest Time for Acceptance
Placees	:	The Unsubscribed Shares are expected to be placed to investors who (or as the case may be, their ultimate beneficial owner(s)) are Independent Third Parties and not acting in concert with the Underwriter, Mr. Cheung or Ms. Lin and its concert parties

The Placing Agent will, on a best efforts basis during the Placing Period, seek to procure subscribers who (or as the case may be, their ultimate beneficial owner(s)) are Independent Third Parties and not acting in concert with the Underwriter, Mr. Cheung or Ms. Lin for all (or as many as possible) of the Unsubscribed Shares.

Conditions of the Placing Agreement

The Placing Agreement is conditional upon the following conditions:

- (i) the Share Consolidation and Change in Board Lot Size becoming effective;
- (ii) the Listing Committee of the Stock Exchange granting the approval for the listing of, and the permission to deal in, the Rights Shares in their nil-paid and fully paid forms;
- (iii) the passing of all necessary resolutions to be proposed at the EGM for approving the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder, and the Whitewash Waiver;
- (iv) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion of the Placing, 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 of the Placing; and
- (v) the Placing Agreement not having been terminated in accordance with the provisions thereof.

In the event the conditions of the Placing Agreement are not fulfilled on or before the Latest Time for Placing Termination (or such later date as may be agreed between the parties in writing), all rights, obligations and liabilities of the parties shall cease and terminate and neither of the parties shall have any claim against the other, save for any antecedent breach under the Placing Agreement prior to the termination of the Placing Agreement.

Termination of the Placing Agreement

Notwithstanding anything contained in the Placing Agreement, the Placing Agent may terminate the Placing Agreement without any liability to the Company save for antecedent breach under the Placing Agreement prior to such termination, by notice in writing given to the Company at any time prior to the Latest Time for Placing Termination upon the occurrence of the following events which, in the absolute opinion of the Placing Agent, has or may have an adverse material effect on the business or financial conditions of the Group taken as a whole or the success of the Placing or otherwise makes it inappropriate to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement if there develops, occurs or comes into force:

- (i) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement) and including an event or change in relation to or a material adverse development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions; or
- (ii) the imposition of any moratorium, suspension (for more than seven trading days other than in connection with the Rights Issue) or restriction on trading in the securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
- (iii) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group; or
- (iv) a change or development occurs involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong; or
- (v) any breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the date upon completion of the Placing which if had occurred or arisen before the date of the Placing Agreement 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 the Placing Agreement; or
- (vi) the Unsubscribed Shares are not approved by the relevant regulatory bodies and/or regulatory authorities to be placed to any placees as contemplated in the Placing Agreement.

If (i) notice is given pursuant to termination clauses of the Placing Agreement; and/or (ii) all the Rights Shares have been taken up by the Qualifying Shareholders and/or the holders of the nil-paid rights on or before the Latest Time for Acceptance, the Placing Agreement shall terminate and be of no further effect and neither party shall be under any liability to the other party in respect of the Placing Agreement save for any antecedent breach under the Placing Agreement prior to the termination of the Placing Agreement.

The Placing Agent confirms that it is an Independent Third Party, and that there is no arrangement, agreement, understanding or undertaking with the Underwriter in relation to the Shares. The terms of the Placing Agreement, including the placing commission, were determined after arm's length negotiation between the Placing Agent and the Company with reference to the prevailing market rate and the Company considers the terms to be normal commercial terms.

The Company considers that the Unsubscribed Arrangements will provide a compensatory mechanism for the No Action Shareholders, protect the interest of the Independent Shareholders, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. As the Company has put in place the above Unsubscribed Arrangements as required by Rule 7.26A(1)(b) of the Listing Rules, there will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 7.26A(1)(a) of the Listing Rules.

THE IRREVOCABLE UNDERTAKING

As at the date of this announcement, the Underwriter is interested as to 975,859,600 Shares, representing approximately 29.34% of the Existing Shares. Pursuant to the Irrevocable Undertaking, the Underwriter has unconditionally and irrevocably undertaken to the Company, (i) prior to the close of the Rights Issue, not to offer for sale, sell, transfer, contract to sell or otherwise dispose of any of (a) the 975,859,600 Existing Shares (equivalent to 97,585,960 Consolidated Shares, upon the Share Consolidation becoming effective) ultimately beneficially held by the Underwriter as at the date of the Irrevocable Undertaking or (b) the nil-paid rights pertaining to the 65,057,306 Rights Shares provisionally allotted to the Underwriter; (ii) the 975,859,600 Existing Shares (equivalent to 97,585,960 Consolidated Shares, upon the Share Consolidation becoming effective) registered in its name and/or under the name(s) of its nominee(s) as at the date of the Irrevocable Undertaking shall remain registered in its name and/or under the name(s) of its nominee(s) on the Record Date and until the close of the Rights Issue; and (iii) to apply and pay for the Rights Shares which will be in the provisional allotment of Rights Shares in respect of the 975,859,600 Existing Shares (equivalent to 97,585,960 Consolidated Shares, upon the Share Consolidation effective).

Ms. Lin has indicated her intention to apply and pay for the Rights Shares which will be in the provisional allotment of Rights Shares in respect of the Shares held by her on the Record Date. Save for the Irrevocable Undertaking and Ms. Lin's intention as aforesaid, the Company has not received any information or irrevocable undertaking from any other Shareholders of their intention in relation to the Rights Shares to be allotted to them under the Rights Issue as at the date of this announcement.

THE UNDERWRITING AGREEMENT

On 14 December 2023 (after trading hours), the Company and the Underwriter entered into the Underwriting Agreement in respect of the proposed Rights Issue, subject to the terms and conditions set out in the Underwriting Agreement. Pursuant to the Underwriting Agreement, the Underwriter agreed to fully underwrite the Unsubscribed Shares.

Principal terms of the Underwriting Agreement are as follows:

Date : 14 December 2023

Parties : (i) The Company; and
(ii) The Underwriter, being the underwriter to the Rights Issue

The Underwriter is a substantial shareholder of the Company which beneficially holds 975,859,600 Existing Shares (equivalent to 97,585,960 Consolidated Shares upon the Share Consolidation becoming effective), representing approximately 29.34% of the entire issued share capital of the Company as at the date of this announcement. As such, the Underwriter complies with Rule 7.19(1)(b) of the Listing Rules

Number of Rights Shares to be underwritten : The total number of the Unsubscribed Shares that have not been placed by the Placing Agent or they have been placed by the placees have not paid therefor at 4:00 p.m. on the Placing End Date

Up to 156,676,026 Rights Shares (upon the Share Consolidation becoming effective), being the maximum total number of Rights Shares issuable (assuming no change in the number of Consolidated Shares in issue on or before the Record Date), excluding the 65,057,306 Rights Shares to be undertaken by the Underwriter pursuant to the Irrevocable Undertaking

Underwriting commission : Nil

The Underwriter's obligation to make a general offer under the Takeovers Code may be triggered as a result of the acceptance by the Underwriter and/or the parties acting in concert with it of the Unsubscribed Shares allotted to them under the Rights Issue when there is an undersubscription of the Rights Issue. The Underwriter will apply to the Executive for the Whitewash Waiver. As disclosed in the paragraphs headed "Conditions of the Rights Issue" and "Conditions of the Underwriting Agreement" below, it is a condition of the Rights Issue and the Underwriting Agreement to have the Executive granting the Whitewash Waiver to the Underwriter and such grant not being withdrawn or revoked.

Conditions of the Rights Issue

The Rights Issue is conditional upon fulfilment of the following conditions:

- (i) the passing of all necessary resolutions to be proposed at the EGM for approving the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder, and the Whitewash Waiver;
- (ii) the Share Consolidation and the Change in Board Lot Size becoming effective;
- (iii) the issue by the Stock Exchange of a certificate authorising the registration of, and the registration with the Companies Registry, respectively, of one copy of each of the Prospectus Documents not later than the Prospectus Posting Date and otherwise in compliance with the Listing Rules and the Companies (WUMP) Ordinance;
- (iv) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus bearing a “For Information Only” stamp to the Excluded Shareholders, if any, for information purpose only on or before the Prospectus Posting Date;
- (v) the granting by the Listing Committee of the Stock Exchange of the approval for the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully paid forms (subject to customary conditions) and such approval not having been withdrawn or revoked;
- (vi) the Executive granting the Whitewash Waiver to the Underwriter and the satisfaction of any condition attached to the Whitewash Waiver granted;
- (vii) the Placing Agreement not having been terminated in accordance with the provisions thereof, including force majeure events;
- (viii) the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms and conditions; and
- (ix) the compliance with any other mandatory requirements under the applicable laws and regulations of Hong Kong and the Cayman Islands.

All conditions set out above cannot be waived. If any of the above conditions is not fulfilled at or prior to the Latest Time for Underwriting Termination, the Rights Issue will not proceed.

Conditions of the Underwriting Agreement

The Underwriting Agreement is conditional upon the fulfilment or waiver, where permitted, of the following conditions:

- (a) the Share Consolidation and the Change in Board Lot Size becoming effective;
- (b) the Placing Agreement not having been terminated in accordance with the provisions thereof, including force majeure events;

- (c) the delivery to the Stock Exchange, and filing and registration with Companies Registry in Hong Kong of one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by a resolution of the Directors (and all other documents required to be attached thereto) not later than the Prospectus Posting Date and in compliance with the Listing Rules, the Companies (WUMP) Ordinance and the Companies Ordinance;
- (d) the posting of the Prospectus Documents to the Qualifying Shareholders by the Prospectus Posting Date and the posting of the Prospectus and a letter to the Excluded Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;
- (e) (i) the Shares remaining listed on the Stock Exchange at all times prior to the Latest Time for Underwriting Termination and the current listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than 10 trading days (other than any suspension pending clearance of the Announcement) and (ii) no indication being received on the Latest Time for Underwriting Termination from the Stock Exchange to the effect that such listing may be withdrawn or objected to including but not limited to as a result of the Rights Issue or in connection with the terms of the Underwriting Agreement or for any other reason;
- (f) there being no breach of any provision of the Underwriting Agreement by the Company at all times prior to the Latest Time for Underwriting Termination;
- (g) the representations and warranties of the Company referred to in the Underwriting Agreement remaining true and accurate and not misleading in all material respects at all times prior to the Latest Time for Underwriting Termination;
- (h) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) listing of and permission to deal in all the Rights Shares either unconditionally or subject to such conditions which the Company (with the approval of the Underwriter) accepts, in both nil-paid and fully-paid forms and such listing not being withdrawn or revoked;
- (i) the Executive granting the Whitewash Waiver to the Underwriter and the satisfaction of any condition attached to the Whitewash Waiver granted;
- (j) the Independent Shareholders having approved at the EGM of (i) the Share Consolidation; (ii) the Rights Issue; (iii) the Placing Agreement; (iv) the Underwriting Agreement; and (v) the Whitewash Waiver no later than the Prospectus Posting Date;
- (k) the compliance with and performance of the undertaking and obligation of the Underwriter, under the Irrevocable Undertaking;
- (l) compliance with the requirements under the applicable laws and regulations of Hong Kong and the Cayman Islands; and
- (m) the obligations of the Underwriter under the Underwriting Agreement not being terminated in accordance with the terms of the Underwriting Agreement at or before the Latest Time for Underwriting Termination.

Other than conditions (f) and (g) which can be waived in whole or in part by the Underwriter by notice in writing to the Company prior to the Latest Time for Underwriting Termination, all other conditions precedent above are incapable of being waived.

As at the date of this announcement, none of the conditions has been satisfied. If the conditions have not been fulfilled in all respects by the Latest Time for Underwriting Termination (or such other date as the Company and the Underwriter may mutually agree in writing) or if the Underwriting Agreement is rescinded or terminated pursuant to the terms thereof, all obligations and liabilities of the parties under the Underwriting Agreement shall cease and determine and neither party shall have any claim against the other for fees, costs, damages, compensation or otherwise, save for any antecedent breach of any obligation under the Underwriting Agreement.

Termination of the Underwriting Agreement

The Underwriter shall have the right to terminate the Underwriting Agreement by notice in writing given to the Company at or prior to the Latest Time for Underwriting Termination, if:

- (i) there occurs any new regulation or any change in the existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (ii) there occurs any local, national or international event or change, whether or not forming part of a series of events or changes occurring or continuing before, or after the date hereof, of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (iii) any material adverse change in the business or in the financial or trading position of the Group as a whole; or
- (iv) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities) which, in the reasonable opinion of the Underwriter, makes it inexpedient or inadvisable to proceed with the Rights Issue;

then in any such case the Underwriter may, after consultation with the Company or its advisers as the circumstances shall admit, by notice in writing to the Company on its own behalf (which may be given at any time up to the Latest Time for Underwriting Termination) rescind the Underwriting Agreement.

If the Underwriter gives a notice of termination to the Company in accordance with the terms of the Underwriting Agreement, all obligations of the Underwriter under the Underwriting Agreement shall cease and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement.

If the Underwriter exercises its rights to terminate the Underwriting Agreement, the Rights Issue will not proceed. A further announcement would be made by the Company if the Underwriting Agreement is terminated by the Underwriter.

REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS

The gross proceeds from the Rights Issue are expected to be approximately HK\$30.2 million. The net proceeds from the Rights Issue after deducting related expenses are estimated to be approximately HK\$29.0 million. The Company intends to apply the net proceeds from the Rights Issue by 31 March 2025 as follows:

- (i) approximately HK\$17.5 million for the setting up of a new retail shop in the PRC, in particular, (a) approximately HK\$3.0 million as startup cost for such shop including, renovation cost, rental expense and staff cost; and (b) approximately HK\$14.5 million for procurements of premium liquor for such PRC shop;
- (ii) approximately HK\$9.7 million for procurements of high-end premium liquor for the Hong Kong business of the Group, including red wine, white wine and champagne; and
- (iii) approximately HK\$1.8 million for improvement of the online shop and IT infrastructure of the Group.

The Group is principally engaged in the sales and distribution of premium wine and spirits products and wine accessory products in Hong Kong. Products of the Group include red wine, white wine, sparkling wine, spirits, sake, wine accessory products and other products. The Group offers products through its retail showrooms, network of distributors, retail organisations, five-star hotels, and private clubs. Due to the complex global environment, such as the ongoing military conflict between Israel and Hamas, and Russia and Ukraine, global elevated high inflation and interest rate, the US-Sino trade war challenge, and intensified competition in premium wine industry, the overall business environment of the Group has been unstable and challenging. The Group recorded net loss attributable to owners of the Company of approximately HK\$16.6 million for the year ended 31 March 2023, and unaudited net loss attributable to owners of the Company of approximately HK\$4.7 million for the six months ended 30 September 2023. As at 30 September 2023, the Group recorded unaudited bank and cash balances of approximately HK\$6.4 million while bank borrowings of approximately HK\$2.7 million which are repayable within one year. Having considered the prevailing market condition and low level of cash on hand available to the Group, the Directors are of the view that the Rights Issue could provide sufficient funds at no borrowing costs for the Group's operation and the development and expansion of the Group's business.

Leveraging on the business network and the renowned brand of the Group in the liquor industry, the Group plans to establish a new retail shop in the PRC so as to grasp the business opportunity and tap into the growing liquor market in the PRC. In Hong Kong, the Group commonly encounters customers from the PRC looking for genuine premium liquor. Hence, the Group considers there is demand for its products in the PRC.

Further, in order to improve the financial performance of the Group, the Company plans to adjust its marketing strategy in Hong Kong by focusing more on high-end premium wine from countries such as Europe, North America and Japan, from which the wine generally may have higher profit margin. The Board is of the view that such high-end premium wine could help improve the performance of the Group. Moreover, in order to improve the customer experience, approximately HK\$1.8 million is allocated for the renovation of the flagship store of the Group and to improve the Group's online shop and IT infrastructure, respectively.

Fundraising alternatives

The Board has considered various fundraising alternatives before resolving to the Rights Issue, including debt financing and equity financing alternatives such as open offer and placing of new shares.

The Board is of the view that while additional debt financing will increase the gearing ratio of the Group and having considered the prevailing high interest rate environment, additional debts will increase the on-going interest expenses of the Group which may in turn further affect the profitability of the Group.

With respect to equity financing alternatives, the Board considers that placing of new Shares would be a sub-optimal fundraising means as it will lead to an immediate dilution in shareholding interest of the existing Shareholders without offering them opportunities to participate in the enlargement of the capital base of the Company. As for open offer, similar to a rights issue, it also offers qualifying shareholders to participate, but it does not allow the trading of rights entitlements in the open market. The Directors (other than the members of the Independent Board Committee whose view will be set out in the Circular after reviewing and considering the advice from the Independent Financial Adviser) are of the view that the Rights Issue provides better financial flexibility for the Company as it will strengthen the capital base of the Company, thus enhancing the overall working capital to fulfill the development plan of the Group without further increase the interest burden to the Group. The Rights Issue also offers all Qualifying Shareholders the opportunity to maintain their pro rata shareholding interests in the Company and avoid shareholding dilution for those Shareholders who take up their entitlement under the Rights Issue in full.

Having considered the above, the Directors (other than the members of the Independent Board Committee whose view will be set out in the Circular after reviewing and considering the advice from the Independent Financial Adviser) consider that the terms of the Rights Issue are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there is no further issue or repurchase of Shares from the date of this announcement up to and including the date of completion of the Rights Issue, the table below sets out the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the Share Consolidation becoming effective; (iii) immediately after completion of the Rights Issue, assuming full acceptance by all Shareholders; (iv) immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders (other than the Underwriter pursuant to the Irrevocable Undertaking) have taken up any entitlements of the Rights Shares and all the Unsubscribed Shares are placed to the independent placees (“**Scenario I**”); and (v) immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders (other than the Underwriter pursuant to the Irrevocable Undertaking) have taken up any entitlements of the Rights Shares and none of the Unsubscribed Shares are placed to the Placees and all the unplaced Unsubscribed Shares are subscribed by the Underwriter (“**Scenario II**”):

	As at the date of this announcement	Immediately after the Share Consolidation becoming effective		Immediately after completion of the Rights Issue, assuming full acceptance by all Shareholders		Scenario I		Scenario II	
	No. of Existing Shares	Approx. % ^(Note 2)	No. of Consolidated Shares	Approx. % ^(Note 2)	No. of Consolidated Shares	Approx. % ^(Note 2)	No. of Consolidated Shares	Approx. % ^(Note 2)	No. of Consolidated Shares
The Underwriter (Note 1)	975,859,600	29.34	97,585,960	29.34	162,643,266	29.34	162,643,266	29.34	319,319,292
Ms. Lin (Note 1)	11,140,000	0.33	1,114,000	0.33	1,856,667	0.33	1,114,000	0.20	1,114,000
Sub-total of the Underwriter and parties acting in concert with it	986,999,600	29.67	98,699,960	29.67	164,499,933	29.67	163,757,266	29.54	320,433,292
Zheng Huanming	480,000,000	14.43	48,000,000	14.43	80,000,000	14.43	48,000,000	8.66	48,000,000
Zhang Guangyuan	477,140,400	14.35	47,714,040	14.35	79,523,400	14.35	47,714,040	8.61	47,714,040
Zhang Guozhong	446,000,000	13.41	44,600,000	13.41	74,333,333	13.41	44,600,000	8.05	44,600,000
Independent placees	–	–	–	–	–	–	156,676,026	28.26	–
Other public Shareholders	935,860,000	28.14	93,586,000	28.14	155,976,666	28.14	93,586,000	16.88	93,586,000
Total	3,326,000,000	100.00	332,600,000	100.00	554,333,332	100.00	554,333,332	100.00	554,333,332
									100.00

Notes:

1. As at the date of this announcement, Mr. Cheung beneficially owns the entire shareholding interests in Silver Tycoon Limited, the Underwriter. Therefore, Mr. Cheung is deemed to be interested in the 975,859,600 Existing Shares held by Silver Tycoon Limited. Ms. Lin, being the spouse of Mr. Cheung, beneficially owns 11,140,000 Existing Shares. By virtue of the SFO, Mr. Cheung is deemed to be interested in an aggregate 986,999,600 Existing Shares.
2. The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.

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.

FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

The Company did not conduct any equity fund raising activities during the 12 months immediately preceding the date of this announcement.

EXPECTED TIMETABLE

Set out below is the expected timetable for the implementation of the Share Consolidation and the Rights Issue. The expected timetable is subject to the results of the EGM and satisfaction of the conditions to the Share Consolidation and the Rights Issue and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this announcement refer to the Hong Kong local times and dates.

Events

**Hong Kong Date and Time
2024**

Expected despatch date of the Circular,
proxy form and notice of the EGM Thursday, 4 January

Latest time for lodging transfer documents of
the Shares in order to be qualified for attendance
and voting at the EGM. 4:30 p.m. on Monday, 15 January

Closure of register of members of the Company
for determining the identity of the Shareholders
entitled to attend and vote at the EGM
(both days inclusive) Tuesday, 16 January to
Monday, 22 January

Latest time for lodging proxy forms for the EGM
(not less than 48 hours prior to the time
of the EGM) 12:00 p.m. on Saturday, 20 January

Events

**Hong Kong Date and Time
2024**

Record date for determining attendance
and voting at the EGM. Monday, 22 January

Expected date and time of EGM to approve
the Share Consolidation, the Rights Issue,
the Placing Agreement,
the Underwriting Agreement and the
Whitewash Waiver 12:00 p.m. on
Monday, 22 January

Announcement of the poll result of the EGM Monday, 22 January

Register of members of the Company re-opens Tuesday, 23 January

**The following events are conditional on the fulfillment of the conditions for the
implementation of the Share Consolidation and the Change in Board Lot Size:**

Effective date of the Share Consolidation Wednesday, 24 January

First day of free exchange of existing share
certificates for new share certificates
for the Consolidated Shares Wednesday, 24 January

Commencement of dealings in the Consolidated Shares 9:00 a.m. on
Wednesday, 24 January

Original counter for trading in Existing Shares in board
lots of 4,000 Existing Shares (in the form of existing
share certificates) temporarily closes 9:00 a.m. on
Wednesday, 24 January

Temporary counter for trading in the Consolidated
Shares in board lots of 400 Consolidated Shares
(in the form of existing share certificates) opens 9:00 a.m. on
Wednesday, 24 January

Last day of dealings in the Consolidated Shares
on a cum-rights basis relating to the Rights Issue Wednesday, 24 January

First day of dealings in the Consolidated Shares
on an ex-rights basis relating to the Rights Issue Thursday, 25 January

Latest time for the Shareholders to lodge transfer
documents of the Consolidated Shares in order
to be qualified for the Rights Issue 4:30 p.m. on Friday, 26 January

Events**Hong Kong Date and Time
2024**

Closure of register of members to determine the eligibility of the Rights Issue (both dates inclusive)	Monday, 29 January to Friday, 2 February
Record date for the Rights Issue	Friday, 2 February
Register of members of the Company re-opens	Monday, 5 February
Despatch of the Prospectus Documents (including the PAL and Prospectus) (in case of the Excluded Shareholders, the Prospectus only)	Monday, 5 February
Original counter for trading in the Consolidated Shares in board lots of 12,000 Consolidated Shares (in the form of new share certificates) reopens	9:00 a.m. on Wednesday, 7 February
Parallel trading in the Consolidated Shares (in the form of both existing share certificates and new share certificates) commences	9:00 a.m. on Wednesday, 7 February
Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares and fully-paid Rights Shares	9:00 a.m. on Wednesday, 7 February
First day of dealings in nil-paid Rights Shares	Wednesday, 7 February
Latest time for splitting the PAL	4:30 p.m. on Friday, 9 February
Last day of dealings in nil-paid Rights Shares	Friday, 16 February
Latest time for acceptance of and payment for the Rights Shares	4:00 p.m. on Wednesday, 21 February
Latest time for the termination of the Placing Agreement	5:00 p.m. on Wednesday, 21 February
Announcement of the number of the Unsubscribed Shares subject to the Unsubscribed Arrangements	Thursday, 22 February

Events**Hong Kong Date and Time
2024**

Commencement of placing of the Unsubscribed Shares by the Placing Agent, on best effort basis	Thursday, 22 February
Placing End Date for placing the Unsubscribed Shares	Tuesday, 27 February
Latest time for the termination of the Underwriting Agreement and for the Rights Issue to become unconditional	Tuesday, 27 February
Designated broker ceases to stand in the market to provide matching services for odd lots of the Consolidated Share and fully-paid Rights Shares.	4:00 p.m. on Thursday, 29 February
Temporary counter for trading in the Consolidated Shares in board lots of 400 Consolidated Shares (in the form of existing share certificates) closes.	4:10 p.m. on Thursday, 29 February
Parallel trading in Consolidated Shares (represented by both existing share certificates and new share certificates) ends	4:10 p.m. on Thursday, 29 February
Announcement of allotment results of the Rights Issue	Monday, 4 March
Latest time for free exchange of existing share certificates for new share certificates.	Monday, 4 March
Despatch of share certificates for fully-paid Rights Shares and refund cheques (if the Rights Issue is terminated)	Tuesday, 5 March
Commencement of dealings in fully-paid Rights Shares	Wednesday, 6 March

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

The Latest Time for Acceptance of and payment for the Rights Shares will not take place if:

- (i) tropical cyclone warning signal No. 8 (or above);
- (ii) “extreme conditions” caused by super typhoons as announced by the Government of the Hong Kong Special Administrative Region; or
- (iii) a “black” rainstorm warning
 - (a) is/are in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance. Instead, the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or
 - (b) is/are in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance. Instead the Latest Time for Acceptance will be rescheduled 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 the currently scheduled date, the dates mentioned in the “Expected Timetable” above may be affected. Announcement will be made by the Company in such event. The Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

DEALINGS AND INTEREST IN THE SECURITIES OF THE COMPANY

As at the date of this announcement, neither the Underwriter, Mr. Cheung, Ms. Lin, nor any parties acting in concert with any of them:

- (a) save for the Shares as set out in the section headed “Effect on the Shareholding Structure of the Company” above, owns, controls or has direction over any Shares and right over Shares, warrants, or any securities that are convertible into Shares or any derivatives in respect of securities in the Company, or hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (b) has received any irrevocable commitment to vote for or against the Rights Issue, the Placing Agreement, the Underwriting Agreement and/or the Whitewash Waiver;
- (c) has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (d) save for the Irrevocable Undertaking given by the Underwriter, details of which as set out in the section headed “The Irrevocable Undertaking” above, there are no arrangements referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, which might be material to the Rights Issue, the Placing Agreement, the Underwriting Agreement and/or the Whitewash Waiver, with any other persons;

- (e) save that the Rights Issue is conditional upon obtaining of the Whitewash Waiver by the Underwriter as set out in the paragraph headed “Conditions of the Rights Issue” above and the Irrevocable Undertaking, has any agreement or arrangement to which it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a precondition or a condition to the Rights Issue and/or the Placing Agreement and/or the Underwriting Agreement and/or the Whitewash Waiver;
- (f) has dealt in any securities of the Company in the six-month period preceding the date of this announcement; or
- (g) has entered into any derivative in respect of the securities in the Company which are outstanding.

As at the date of this announcement:

- (a) apart from the Rights Shares to be subscribed and underwritten by the Underwriter, the Company has not paid and will not pay any other consideration, compensation or benefit in whatever form to the Underwriter, Mr. Cheung, Ms. Lin and any parties acting in concert with any of them in connection with the Rights Issue, the Placing Agreement and the Underwriting Agreement;
- (b) save for the Subscription Price, there is no other consideration, compensation, or benefit in whatever form paid or to be paid by the Underwriter, Mr. Cheung, Ms. Lin and parties acting in concert with any of them to the Group in relation to the Rights Issue;
- (c) apart from the Underwriting Agreement and the Irrevocable Undertaking therein, there is no other understanding, arrangement or special deal between the Group on the one hand, and the Underwriter, Mr. Cheung, Ms. Lin and any parties acting in concert with any of them on the other hand; and
- (d) apart from the Underwriting Agreement and the Irrevocable Undertaking, there is no understanding, arrangement or agreement or special deal between (i) any Shareholders; and (ii) the Underwriter, Mr. Cheung, Ms. Lin or any parties acting in concert with any of them, or (iii) the Company, its subsidiaries or associated companies.

TAKEOVERS CODE IMPLICATIONS AND APPLICATION FOR THE WHITEWASH WAIVER

As at the date of this announcement, the Underwriter, Mr. Cheung, Ms. Lin and their respective concert parties are interested in 986,999,600 Shares in aggregate, representing approximately 29.67% of the entire issued share capital of the Company.

Assuming (i) there is no change in the number of issued Shares from the date of this announcement up to and including the date of closing of the Rights Issue; (ii) none of the Qualifying Shareholders other than the Underwriter have taken up their entitlements under the Rights Issue; and (iii) none of the Unsubscribed Shares have been taken up under the Unsubscribed Arrangements, the aggregate interests in the Company held by the Underwriter, Mr. Cheung, Ms. Lin and their respective concert parties upon the close of the Rights Issue will increase from the current level of approximately 29.67% to approximately 57.80% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares. The Underwriter will, in the absence of the Whitewash Waiver, be obliged to make a mandatory cash offer for all issued Shares not already owned or agreed to be acquired by it pursuant to Rule 26 of the Takeovers Code, unless the Whitewash Waiver is granted.

An application will be made by the Underwriter to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, (i) the approval of the Whitewash Waiver by at least 75% of the Independent Shareholders at the EGM by way of poll; and (ii) the approval by more than 50% of the Independent Shareholders at the EGM by way of poll in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder. The Underwriter, Mr. Cheung, Ms. Lin and the parties acting in concert with any of them and those who are involved in and/or interested in the Rights Issue, the Placing Agreement, the Underwriting Agreement or the Whitewash Waiver are required to abstain from voting in favour of the proposed resolution approving the Whitewash Waiver at the EGM. If the Whitewash Waiver is not granted by the Executive, the Rights Issue will not proceed.

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

LISTING RULES IMPLICATIONS

Rights Issue

In accordance with Rule 7.19A(1) of the Listing Rules, as the Rights Issue will increase the issued Shares by more than 50%, the Rights Issue is subject to the approval of the Shareholders at the EGM by way of poll. Pursuant to Rule 7.27A of the Listing Rules, the Rights Issue must be made conditional on approval by the Shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue.

As at the date of this announcement, the Company has no controlling shareholder as defined under the Listing Rules. Mr. Cheung, the chairman and chief executive officer of the Company and an executive Director, beneficially controls 986,999,600 Existing Shares in aggregate, representing approximately 29.67% of the entire issued share capital of the Company, and accordingly, Mr. Cheung and his associates, including the Underwriter and Ms. Lin are required to abstain from voting in favour of the proposed resolution(s) to approve the Rights Issue at the EGM in accordance with Rule 7.27A(1) of the Listing Rules. No other Directors are interested in the Shares as at the date of this announcement. Save for Mr. Cheung, the Underwriter and Ms. Lin, no other Shareholder is required to abstain from voting on the relevant resolution(s) at the EGM.

The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

Connected transaction in relation to the Underwriting Agreement

As at the date of this announcement, Silver Tycoon Limited, the Underwriter under the Underwriting Agreement, is a substantial Shareholder and therefore a connected person of the Company. Accordingly, the transaction contemplated under the Underwriting Agreement constitutes a connected transaction of the Company under the Listing Rules and the Underwriting Agreement is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Underwriter and its associates shall abstain from voting in respect of the resolution relating to the Underwriting Agreement at the EGM.

GENERAL

The EGM will be convened and held to consider, and if thought fit, to approve, among other things, the Share Consolidation, the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Yue Kwai Wa Ken, Mr. Ngai Hoi Ying and Mr. Siu Shing Tak, has been established to advise the Independent Shareholders in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated therein, and the Whitewash Waiver, and as to the voting action therefor.

Rainbow Capital (HK) Limited has been appointed as the independent financial adviser to advise the Independent Board Committee in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement and the Whitewash Waiver. The appointment of the Independent Financial Adviser has been approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code.

The Circular containing, among other things, (i) further details of the Share Consolidation, the Change in Board Lot Size, the Rights Issue, the Irrevocable Undertaking, the Placing Agreement, the Underwriting Agreement, the Whitewash Waiver 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, the Underwriting Agreement, the Whitewash waiver 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, the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder; and (iv) a notice convening the EGM, is expected to be despatched to the Shareholders on or before 4 January 2024.

Subject to the fulfilment of certain conditions of the Rights Issue, including the approval of the Shareholders at the EGM and upon the Share Consolidation becoming effective, the Company will despatch the Prospectus Documents containing, among other matters, details of the Rights Issue, to the Qualifying Shareholders on the Prospectus Posting Date. Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company may despatch the Prospectus to the Excluded Shareholders for their information only but the Company will not send the PAL to the Excluded Shareholders. For the avoidance of doubt, the Excluded Shareholders (if any) are entitled to attend and vote at the EGM.

WARNING OF THE RISK OF DEALINGS IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

The Rights Issue is conditional upon fulfilment of the conditions set out in the paragraph headed "Conditions of the Rights Issue" under the section headed "Proposed Rights Issue" of this announcement, 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; and the Executive having granted the Whitewash Waiver to the Underwriter. Accordingly, the Rights Issue may or may not proceed.

Any Shareholders or potential investors contemplating selling or purchasing the Existing Shares, the Consolidated Shares and/or the nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled will bear the risk that the Rights Issue may not become unconditional and may not proceed.

Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company. Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

DEFINITIONS

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

“acting in concert”	has the same meaning ascribed thereto under the Takeovers Code
“associate(s)”	has the same meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday, public holiday 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 hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted 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 business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Change in Board Lot Size”	the proposed change in board lot size of the issued Shares for trading from 4,000 Existing Shares to 12,000 Consolidated Shares
“Circular”	the circular to be despatched to the Shareholders in respect of, among other things, the Share Consolidation, the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended from time to time

“Companies Registry”	Companies Registry of Hong Kong
“Company”	Major Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange (stock code: 1389)
“connected person”	has the meaning as ascribed thereto under the Listing Rules
“Consolidated Share(s)”	ordinary share(s) of HK\$0.0125 each in the share capital of the Company immediately following the Share Consolidation becoming effective
“controlling shareholder(s)”	has the same meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at which resolutions will be proposed to consider, and, if thought fit, to approve, among other things, the Share Consolidation, the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder
“Excluded Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Issue 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
“Executive”	The Executive Director of the Corporate Finance Division of the SFC or any of delegation
“Existing Share(s)”	ordinary share(s) of HK\$0.00125 each in the share capital of the Company prior to the Share Consolidation having become effective
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	the Hong Kong Securities Clearing Company Limited

“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent board committee of the Company comprising all the independent non-executive Directors that has been established to advise the Independent Shareholders in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Whitewash Waiver and the transactions contemplated thereunder
“Independent Financial Adviser”	Rainbow Capital (HK) Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver
“Independent Shareholder(s)”	Shareholders other than (i) the Underwriter, Mr. Cheung, Ms. Lin or parties acting in concert with any of them; and (ii) those who are involved or have interests in the Rights Issue, the Placing Agreement, the Underwriting Agreement and the Whitewash Waiver and required under the Listing Rules and/or Takeovers Code (as the case may be) to abstain from voting at the EGM
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), who are third parties independent of the Company and its connected persons within the meaning of the Listing Rules
“Irrevocable Undertaking”	the irrevocable undertaking by the Underwriter to the Company as set out in the paragraph headed “The Irrevocable Undertaking” in this announcement
“Last Trading Day”	13 December 2023, being the last trading day of the Shares on the Stock Exchange before the release of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Wednesday, 21 February 2024 (or such other time and date as may be determined by the Company), being the latest time for acceptance of and payment for the Rights Shares
“Latest Time for Placing Termination”	5:00 p.m. on Wednesday, 21 February 2024 or such later time or date as may be agreed between the Placing Agent and the Company, being the latest time to terminate the Placing Agreement

“Latest Time for Underwriting Termination”	4:30 p.m. on Tuesday, 27 February 2024 or such later time or date as may be agreed between the Underwriter and the Company, being the latest time to terminate the Underwriting Agreement
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Cheung”	Mr. Cheung Chun To, the chairman and chief executive officer of the Company and an executive Director
“Ms. Lin”	Ms. Lin Shuk Shuen, the spouse of Mr. Cheung
“No Action Shareholder(s)”	those Qualifying Shareholder(s) who do not subscribe for the Rights Issue (whether partially or fully) (under the PAL or their renounces or such person who hold any nil-paid rights at the time such nil-paid rights are lapsed) or Excluded Shareholders (as the case may be)
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose registered address(es) as shown on such register at that time is (are) in (a) place(s) outside Hong Kong
“PAL(s)”	the renounceable provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Placing”	arrangements to place the Unsubscribed Shares by the Placing Agent on a best effort basis pursuant to the Placing Agreement
“Placing Agent”	Lego Securities Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) regulated activities, which will place the Unsubscribed Shares to investors who are Independent Third Parties under the Unsubscribed Arrangements
“Placing Agreement”	the placing agreement dated 14 December 2023 entered into between the Company and the Placing Agent in relation to the Placing
“Placing End Date”	27 February 2024, being the fourth (4th) Business Day following the day on which the Latest Time for Acceptance falls

“Placing Period”	the period from 22 February 2024 up to 5:00 p.m. on 27 February 2024, or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Unsubscribed Arrangements
“Placing Price”	not less than HK\$0.136 per Unsubscribed Share
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Prospectus”	the prospectus to be despatched to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL(s)
“Prospectus Posting Date”	Monday, 5 February 2024 (or such other date as may be determined by the Company), being the date of despatch of the Prospectus Documents to the Qualifying Shareholders and the Prospectus for information only to the Excluded Shareholders
“Qualifying Shareholder(s)”	Shareholder(s), other than the Excluded Shareholders, whose name(s) appear(s) on the register of members of the Company on the Record Date
“Record Date”	Friday, 2 February 2024, the record date for the determination of the entitlements under the Rights Issue
“Registrar”	Tricor Investor Services Limited, the address of which is at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, the branch share registrar and transfer office of the Company in Hong Kong
“Rights Issue”	the proposed issue by way of rights of two (2) Rights Shares for every three (3) Consolidated Shares in issue and held on the Record Date at the Subscription Price on the terms and subject to the conditions to be set out in the paragraph headed “Conditions of the Rights Issue” in this announcement
“Rights Share(s)”	the new Share(s) to be allotted and issued under the Rights Issue, being 221,733,332 Consolidated Shares (assuming no other change in the number of issued Shares from the date of this announcement up to and including the Record Date, save for the Share Consolidation)

“SFC”	The Security and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the Existing Share(s) and/or the Consolidated Share(s), as the case may be
“Share Consolidation”	the consolidation of every ten (10) issued and unissued Existing Shares of HK\$0.00125 each into one (1) Consolidated Share of HK\$0.0125
“Shareholder(s)”	the holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.136 per Rights Share
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	The Code on Takeovers and Mergers of Hong Kong
“Underwriter”	Silver Tycoon Limited, a limited liability company incorporated in the British Virgin Islands and wholly-owned by Mr. Cheung, the chairman and chief executive officer of the Company and an executive Director
“Underwriting Agreement”	the underwriting agreement dated 14 December 2023 entered into between the Company and the Underwriter in respect of the Rights Issue
“Underwritten Shares”	the number of Rights Shares to be underwritten by the Underwriter, being in maximum up to 156,676,026 Rights Shares
“Unsubscribed Arrangements”	arrangements to place the Unsubscribed Shares by the Placing Agent on a best effort basis to investors who (or as the case maybe, their ultimate beneficial owner(s)) are Independent Third Parties pursuant to Rule 7.26A(1)(b) of the Listing Rules
“Unsubscribed Shares”	including those Rights Shares that are not subscribed by the Qualifying Shareholders; Rights Shares which would otherwise have been allotted to the Excluded Shareholders; and/or all fractional Rights Shares that are not issued (as the case may be)

“Whitewash Waiver”

the whitewash waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code of the obligations on the part of the Underwriter to make a mandatory general offer under Rule 26 of the Takeovers Code for all the securities of the Company not already owned or agreed to be acquired by the Underwriter and any parties acting in concert with it as a result of taking up of the Rights Shares by the Underwriter pursuant to the Underwriting Agreement

“%”

per cent

For and on behalf of the Board
Major Holdings Limited
CHEUNG Chun To
Chairman

Hong Kong, 14 December 2023

As at the date of this announcement, the executive Director is Mr. Cheung Chun To, the independent non-executive Directors are Mr. Yue Kwai Wa Ken, Mr. Ngai Hoi Ying and Mr. Siu Shing Tak.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

* *For identification purpose only*