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(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 223)

**(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY FIVE (5) EXISTING SHARES HELD ON THE RECORD DATE; AND
(2) POSSIBLE ADJUSTMENTS TO THE SHARE OPTIONS UNDER THE SHARE OPTION SCHEME**

Financial Adviser to the Company



Joint Underwriters to the Rights Issue



PROPOSED RIGHTS ISSUE

The Company proposes to implement the Rights Issue on the basis of one (1) Rights Share for every five (5) existing Shares in issue on the Record Date at the Subscription Price of HK\$0.44 per Rights Share, to raise up to (i) approximately HK\$95.38 million before expenses by issuing up to 216,769,742 Rights Shares (on the basis that no Shares are issued or repurchased on or before the Record Date); or (ii) approximately HK\$97.80 million before expenses by issuing up to 222,273,742 Rights Shares (on the basis that no Shares are issued or repurchased other than the full exercise of the outstanding Share Options on or before the Record Date) to the Qualifying Shareholders.

The Rights Issue is only available to the Qualifying Shareholders for the Rights Issue and will not be extended to the Non-Qualifying Shareholders for the Rights Issue. The Qualifying Shareholders are entitled to apply for the Rights Shares in excess of their respective entitlements under the Rights Issue.

UNDERWRITING AGREEMENT

On 28 December 2023 (after trading hours), the Company entered into the Underwriting Agreement with the Joint Underwriters in relation to the underwriting and respective arrangements in respect of the Rights Issue. Pursuant to the Underwriting Agreement, the Joint Underwriters have conditionally agreed to underwrite, on a best-effort basis, the Underwritten Rights Shares, subject to the terms and conditions set out in the Underwriting Agreement, in particular the fulfilment of the conditions precedent contained therein. Details of the major terms and conditions of the Underwriting Agreement are set out in the section headed “Underwriting Agreement” in this announcement.

The Rights Issue is only underwritten on a best-effort basis. Pursuant to the Company’s constitutional documents, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfilment of the conditions precedent of the Rights Issue, the Rights Issue shall proceed regardless of its level of acceptances.

In the event the Rights Issue is undersubscribed, any Rights Shares not taken up by the Qualifying Shareholders whether under PAL(s) or EAF(s) or transferees of nil-paid Rights Shares, and not subscribed by the Joint Underwriters or other subscribers procured by the Joint Underwriters pursuant to the Underwriting Agreement, will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. Investors are advised to exercise caution when dealing in the Shares.

LISTING RULES IMPLICATIONS

As the Company has not conducted any rights issue or open offer within the 12-month period prior to the date of this announcement and the proposed Rights Issue will not increase the number of issued Shares or the market capitalisation of the Company by more than 50%, and the Rights Issue is not underwritten by a Director, chief executive or substantial Shareholder of the Company (or any of their respective close associates), the Rights Issue is not conditional upon approval by the Shareholders.

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.

CLOSURE OF REGISTER OF MEMBERS OF THE COMPANY

The register of members of the Company will be closed from Monday, 15 January 2024 to Friday, 19 January 2024 (both dates inclusive) for determining the entitlements to the Rights Issue. No transfer of Shares will be registered during this period.

POSSIBLE ADJUSTMENTS TO THE OUTSTANDING SHARE OPTIONS UNDER THE SHARE OPTION SCHEME

Pursuant to the terms of the Share Option Scheme, the subscription prices on the exercise of the Share Options and/or number of Shares related to the Share Options under the Share Option Scheme may be adjusted in accordance with the Share Option Scheme upon the Rights Issue becoming unconditional. The Company will notify the holders (if any) of the Share Options and the Shareholders by way of announcement (as and when appropriate) regarding adjustments to be made (if any) pursuant to the terms of the Share Option Scheme and such adjustment will be certified by an independent financial adviser or auditors of the Company (as the case may be).

GENERAL

The Prospectus Documents containing, among other things, the Prospectus setting out details of the Rights Issue, the PAL(s) and the EAF(s) are expected to be despatched to the Qualifying Shareholders on Monday, 22 January 2024. Copies of the Prospectus Documents will also be made available on the websites of the Company (<http://www.capitalfp.com.hk/eng/index.jsp?co=223>) and the Stock Exchange (<http://www.hkexnews.hk>). Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company will send copies of the Prospectus to the Non-Qualifying Shareholders (if any) for their information only, but will not send any PAL or EAF to them.

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

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, (i) the fulfillment and/or waiver (where applicable) of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms; and (ii) the Underwriting Agreement having become unconditional and the Joint Underwriters not having terminated the Underwriting Agreement in accordance with the terms thereof. Please refer to the paragraph headed "Conditions of the Rights Issue and the Underwriting Agreement" in this announcement. Accordingly, the Rights Issue will not proceed if any of the conditions of the Rights Issue and the Underwriting Agreement is not fulfilled or waived (where applicable).

The Shares are expected to be dealt in on an ex-rights basis from Thursday, 11 January 2024. Dealing in the Rights Shares in nil-paid form are expected to take place from Wednesday, 24 January 2024 to Wednesday, 31 January 2024 (both dates inclusive).

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

PROPOSED RIGHTS ISSUE

The Board proposed the Rights Issue, details of which are summarised below:

Issue statistics

Basis of the Rights Issue: One (1) Rights Share for every five (5) existing Shares held on the Record Date

Subscription price: HK\$0.44 per Rights Share

Number of the existing Shares in issue as at the date of this announcement: 1,083,848,712 Shares

Number of Rights Shares to be issued under the Rights Issue: (i) 216,769,742 Shares (assuming no new Shares are issued or repurchased on or before the Record Date); or

(ii) 222,273,742 Shares (assuming no new Shares are issued or repurchased other than the full exercise of the outstanding Share Options on or before the Record Date)

Aggregate nominal value of the Rights Shares: (i) HK\$21,676,974.2 (assuming no new Shares are issued or repurchased on or before the Record Date); or

(ii) HK\$22,227,374.2 (assuming no new Shares are issued or repurchased other than the full exercise of the outstanding Share Options on or before the Record Date)

Maximum enlarged issued share capital upon completion of the Rights Issue:	(i)	1,300,618,454 Shares (assuming no new Shares are issued (other than the Rights Shares) or repurchased on or before the Record Date); or
	(ii)	1,333,642,454 Shares (assuming no new Shares are issued (other than the Rights Shares and the full exercise of the outstanding Share Options) or repurchased on or before the Record Date)
Maximum proceeds to be raised under the Rights Issue before expenses:	(i)	Up to approximately HK\$95,378,686 (assuming no new Shares are issued or repurchased on or before the Record Date); or
	(ii)	Up to approximately HK\$97,800,446 (assuming no new Shares are issued or repurchased other than the full exercise of the outstanding Share Options on or before the Record Date)
Right of excess applications:		Qualifying Shareholders are entitled to apply for the Rights Shares in excess of their provisional allotment.
Joint Underwriters (in alphabetical order):		DL Securities (HK) Limited and Victory Securities Company Limited

As at the date of this announcement, there are 27,520,000 outstanding Share Options granted by the Company. Such outstanding Share Options are exercisable into 27,520,000 Shares. Save for the foregoing, the Company has no other outstanding convertible bonds, options, derivatives, warrants, conversion rights or other similar rights entitling holders thereof to subscribe for or convert into or exchange for new Shares.

Assuming no Shares are issued or repurchased on or before the Record Date, the maximum number of 216,769,742 Rights Shares to be allotted and issued pursuant to the terms of the Rights Issue represents approximately 20.00% of the total number of the existing issued Shares as at the date of this announcement and approximately 16.67% of the total number of the issued Shares as enlarged by the allotment and issue of the Rights Shares immediately upon completion of the Rights Issue.

Assuming no Shares are issued or repurchased other than the full exercise of the outstanding Share Options on or before the Record Date, the maximum number of 222,273,742 Shares to be allotted and issued pursuant to the terms of the Rights Issue represents approximately 20.51% of the total number of the existing issued Shares as at the date of this announcement and approximately 16.67% of the total number of the issued Shares as enlarged by the allotment and issue of the Rights Shares immediately upon completion of the Rights Issue.

The Company has not conducted any rights issue, open offer and/or specific mandate placing within the 12-month period immediately preceding the date of this announcement, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities as part of such rights issue, open offer and/or specific mandate placing within such 12-month period. The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own.

The Rights Issue is only underwritten on a best-effort basis. Pursuant to the Company's constitutional documents, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfilment of the conditions precedent of the Rights Issue, the Rights Issue shall proceed regardless of its level of acceptances.

In the event the Rights Issue is undersubscribed, any Rights Shares not taken up by the Qualifying Shareholders whether under PAL(s) or EAF(s) or transferees of nil-paid Rights Shares, and not subscribed by the Joint Underwriters or other subscribers procured by the Joint Underwriters pursuant to the Underwriting Agreement, will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. Investors are advised to exercise caution when dealing in the Shares.

Subscription Price

The Subscription Price of HK\$0.44 per Rights Share is payable in full when a Qualifying Shareholder accepts his/her/its provisional allotment under the Rights Issue or, where applicable, applies for excess Rights Shares, or when a transferee of nil-paid Rights Shares accepts the provisional allotment of the Rights Shares.

The Subscription Price represents:

- (i) a premium of approximately 3.53% over the closing price of HK\$0.425 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 4.02% over the average of the closing prices per Share as quoted on the Stock Exchange for the five previous consecutive trading days up to and including the Last Trading Day of approximately HK\$0.423;
- (iii) a premium of approximately 5.26% over the average of the closing prices per Share as quoted on the Stock Exchange for the ten previous consecutive trading days up to and including the Last Trading Day of approximately HK\$0.418;

- (iv) a premium of approximately 2.92% to the theoretical ex-rights price of approximately HK\$0.4275 per Share based on the closing price of HK\$0.425 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a premium of approximately 335% to the audited consolidated net asset value attributable to the Shareholders as at 31 March 2023 as extracted from the annual report of the Company for the year ended 31 March 2023 of approximately HK\$0.131 per Share; and
- (vi) no theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) given that the theoretical diluted price of approximately HK\$0.4283 per Share is higher than the benchmarked price (as defined under Rule 7.27B of the Listing Rules) of approximately HK\$0.426 per Share.

Under the Rights Issue, each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the Subscription Price in proportion to his/her/its existing shareholdings in the Company. The Subscription Price and the Rights Issue ratio were determined by the Board after arm's length negotiations among the Company and the Joint Underwriters with reference to, among other things, the funding needs of the Group, the market prices of the Shares under the prevailing market conditions and the financial position of the Group. The Board is of the view that the Rights Issue will provide the Group with sufficient funding to develop the Group's businesses in the manner as set out under the section headed "Reasons for the Rights Issue" in this announcement. As such, the Directors consider that the Subscription Price is 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 the Rights Shares will be approximately HK\$0.435 (assuming no change in the number of Shares in issue on or before the Record Date) or HK\$0.435 (assuming no change in the number of Shares in issue other than the full exercise of outstanding Share Options on or before the Record Date).

Basis of provisional allotments

The basis of the provisional allotment shall be one (1) Rights Share (in nil-paid form) for every five (5) existing Shares held by the Qualifying Shareholders as at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Prospectus Documents and the Underwriting Agreement.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by duly completing a PAL and lodging the same with a cheque or a banker's cashier order sum payable for the Rights Shares being applied for with the Registrar no later than 4:00 p.m. on the Latest Acceptance Date.

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.

Any holdings (or balance of holdings) of less than five (5) Shares will not entitle their holders to be provisionally allotted a Rights Share.

Qualifying Shareholders

The Rights Issue will only be available to the Qualifying Shareholders.

To qualify for the Rights Issue, a Qualifying Shareholder must be registered as a member of the Company on the Record Date and not being a Non-Qualifying Shareholder. In order to be registered as members of the Company on the Record Date, all transfers of Shares (together with the relevant share certificate(s)) must be lodged with the Registrar by not later than 4:30 p.m. on Friday, 12 January 2024. It is expected that the last day of dealing in the Shares on a cum-rights basis is Wednesday, 10 January 2024 and the Shares will be dealt with on an ex-rights basis from Thursday, 11 January 2024.

For Shareholders whose Shares are held by a nominee (or held in CCASS) and would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the Registrar for registration no later than 4:30 p.m. on Friday, 12 January 2024.

Holders of any outstanding Share Options who wish to participate in the Rights Issue should exercise their outstanding Share Options in accordance with the terms and conditions of the Share Option Scheme and be registered as holders of the Shares so allotted and issued to them pursuant to such exercise with the Company on or before the Record Date.

The Company will despatch the Prospectus Documents to the Qualifying Shareholders on the Posting Date.

The Qualifying Shareholders who take up their provisional allotment in full will not experience 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.

Non-Qualifying Shareholders

The Prospectus Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. The Company will send the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send the PAL(s) and the EAF(s) to them. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

The Board will make enquiry regarding the legal restrictions under the laws of the relevant overseas places and the requirements of the relevant regulatory body or stock exchange pursuant to Rule 13.36(2)(a) of the Listing Rules. If, after making such enquiry and based on legal opinion provided by the legal advisers to the Company, 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 the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in the relevant place(s), no offer of the Rights Shares will be made to such Overseas Shareholders. Accordingly, the Rights Issue will not be extended to the Non-Qualifying Shareholders.

The Non-Qualifying Shareholders (which are excluded from the Rights Issue) would not have any entitlement under the Rights Issue. However, arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form, to be sold as soon as practicable after dealings in the nil-paid Rights Shares commence. The proceeds of such sale, less expenses and stamp duty, will be paid pro-rata (but rounded down to the nearest cent) to the relevant Non-Qualifying Shareholders as to their shareholdings held on the Record Date in Hong Kong Dollars. The Company will retain individual amounts of less than HK\$100 for its own benefit. Any unsold entitlement of the Non-Qualifying Shareholders, together with any Rights Shares provisionally allotted but not accepted, will be made available for excess application on EAFs by the Qualifying Shareholders.

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)(a) of the Listing Rules. Accordingly, the Overseas Shareholders should exercise caution when dealing in the Shares.

The Rights Issue does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful. Shareholders and beneficial owners of the Shares (including, without limitation, their respective agents, custodians, nominees and trustees) should inform themselves of and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Closure of register of members of the Company

The register of members of the Company will be closed from Monday, 15 January 2024 to Friday, 19 January 2024 (both days inclusive) for determining the entitlements to the Rights Issue. No transfer of Shares will be registered during this period.

Status of the Rights Shares

The Rights Shares (when allotted, issued and fully paid) will rank *pari passu* in all respects with the existing Shares in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid with a record date falling after the date of allotment and issue of the Rights Shares in their fully-paid form.

Fractional entitlements

The Company will not provisionally allot fractions of Rights Shares and will not accept application for any fractions of Rights Shares. All fractions of Rights Shares will be aggregated (and rounded down to the nearest whole number of a Share) and all nil-paid Rights Shares arising from such aggregation will be sold in the market and, if a premium (net of expenses) can be achieved, the Company will keep the net proceeds for its own benefit. Any unsold fractions of the Rights Shares will be made available for excess application by the Qualifying Shareholders under the EAF(s).

Applications for excess Rights Shares

The Company shall make the excess Rights Shares available for subscription by the Qualifying Shareholders by means of the EAF(s), and the excess Rights Shares represent:

- (i) any Rights Shares provisionally allotted but not accepted by any of the Qualifying Shareholders or otherwise subscribed for by renounees or transferees of nil-paid Rights Shares prior to 4:00 p.m. on the Latest Acceptance Date;
- (ii) any unsold Rights Shares which would have been allotted to the Non-Qualifying Shareholders for Rights Issue had they been the Qualifying Shareholders for Rights Issue;
- (iii) any of the Rights Shares created from the aggregation of fractions of the Rights Shares; and
- (iv) the Scale-down PAL Shares (if any) and the Scale-down EAF Shares (if any).

The Directors will, upon consultation with the Joint Underwriters, allocate any excess Rights Shares (if any) at their discretion on a fair and equitable basis on the following principles:

- (i) any excess Rights Shares will be allocated to the Qualifying Shareholders who apply for them as far as practicable on a pro-rata basis by reference to the number of the excess Rights Shares applied for under each application;
- (ii) reference will only be made to the number of excess Rights Shares being applied for but no reference will be made to the Rights Shares subscribed through applications by PALs or the existing number of Shares held by Qualifying Shareholders;
- (iii) no preference will be given to applications for topping up odd-lot holdings to whole lot holdings; and
- (iv) pursuant to Rule 7.21(3)(b) of the Listing Rules, the Company will also take steps to identify the applications for excess Rights Shares made by any controlling Shareholder(s) or their associates (together, the “**Relevant Shareholders**”), whether in their own name(s) or through nominee(s). The Company shall disregard the Relevant Shareholders’ applications for excess Rights Shares to the extent that the total number of excess Rights Shares they have applied for exceeds a maximum number equivalent to the total number of Rights Shares offered under the Rights Issue minus the number of Rights Shares taken up by the Relevant Shareholders under their assured entitlement to the Rights Shares.

If the aggregate number of the Unsubscribed Rights Shares is greater than the aggregate number of excess Rights Shares being applied for under the EAFs, the Company will allocate to each Qualifying Shareholder who applies for excess Rights Shares the actual number of excess Rights Shares being applied for.

The Qualifying Shareholders who wish to apply for excess Rights Shares in addition to their provisional allotment must complete and sign an EAF and lodge it, together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, with the Registrar no later than 4:00 p.m. on the Latest Acceptance Date.

Shareholders whose Shares are held by a nominee company (including HKSCC Nominees Limited) should note that for the purpose of the Rights Issue, the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, such Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to the relevant beneficial owners individually.

Investors whose Shares are held by a nominee company (including HKSCC Nominees Limited) are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owners prior to the Record Date. Shareholders and investors should consult their professional advisers if they are in doubt as to their status.

For Shareholders whose Shares are held by a nominee company (including HKSCC Nominees Limited) and would like to have their names registered on the register of members of the Company, all necessary documents must be lodged with the Registrar no later than 4:30 p.m. on Friday, 12 January 2024.

If the Board notes unusual patterns of excess applications and has reason to believe that any excess applications may have been made with the intention to abuse the mechanism, such application(s) for excess Rights Shares may be rejected at the sole discretion of the Board.

Any Rights Shares not taken up by the Qualifying Shareholders and not taken up by excess applications will be taken up by the Joint Underwriters and/or subscribers procured by them on a best-effort basis pursuant to the terms and conditions of the Underwriting Agreement.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue and the Underwriting Agreement as set out below, certificates for all fully-paid Rights Shares are expected to be sent by ordinary post on Thursday, 15 February 2024 to those persons who have validly accepted and, where applicable, applied for, and paid for the Rights Shares, at their own risks. Each Shareholder (except HKSCC Nominees Limited) will receive one share certificate for all allotted Rights Shares.

If the Rights Issue does not become unconditional or does not proceed, the monies received in respect of the relevant provisional allotments and/or excess applications (if applicable) will be refunded to the Qualifying Shareholders or such other person to whom the Nil Paid Rights have been validly renounced or transferred or, in the case of joint acceptances, to the first-named person, without interest and by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other person to their registered addresses by the Registrar on or around Thursday, 15 February 2024. No receipt will be given for such remittance.

Refund cheques in respect of wholly or partially unsuccessful applications for the Rights Shares and the excess Rights Shares (if any) are expected to be sent by ordinary post on or around Thursday, 15 February 2024 to the applicants to their registered addresses at their own risk.

Scale-down of subscriptions to avoid the triggering of MGO Obligation or non-compliance of Public Float Requirement

Without prejudice to the generality of the Underwriting Agreement, as the Rights Issue is only underwritten by the Joint Underwriters on a best-effort basis, to avoid the unwitting triggering of MGO Obligations or the non-compliance of the Public Float Requirement, all applications for the Rights Shares whether under the PAL(s) or the EAF(s), or by transferees of nil-paid Rights Shares, or by subscribers procured by the Joint Underwriters will be made on the basis that the applications are to be scaled-down by the Company to a level which does not trigger an MGO Obligation on the part of the applicant or parties acting in concert with him/her/it, or which does not result in the Company's failure to comply with the Public Float Requirement. Any subscription monies for the Scale-down PAL Shares or the Scale-down EAF Shares will be refunded to the applicants, and the Scale-down PAL Shares and the Scale-down EAF Shares will be made available for subscription by other Qualifying Shareholders through the EAF(s).

In addition, under and/or pursuant to the Scaling-down, any application for the Rights Shares, whether under the PAL(s) or the EAF(s), shall be subject to the scale-down mechanisms of the Rights Issue as determined by the Company to levels which do not trigger any MGO Obligation or which do not result in the Company's failure to comply with the Public Float Requirement. Such scale-down of applications of Rights Shares shall operate on a fair and equitable basis under the following principles: (a) EAF(s) should be scaled down before PAL(s); and (b) where the scale-down is necessitated by the exceeding of shareholding by a group rather than an individual shareholder, the allocations of EAF(s) and PAL(s) to members of the affected group should be made on a pro rata basis by reference to the number of Shares held by the affected applicants on the Record Date, but for the avoidance of any doubt, any or any such onward allocation(s) shall be subject to the Scaling-down as well.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. Nil-paid Rights Shares are expected to be traded in same board lot size as the Shares, i.e., 20,000 shares in one board lot. No part of the securities of the Company in issue or for which listing or permission to deal is being or is proposed to be sought is listed or dealt in or on any other stock exchange.

Stamp duty and other applicable fees

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

Rights Shares will be eligible for admission into CCASS

Subject to the granting of listing of, and permission to deal in, the Rights Shares in both 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 commencement date of dealings in the Rights 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. 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.

UNDERWRITING AGREEMENT

On 28 December 2023 (after trading hours), the Company and the Joint Underwriters entered into the Underwriting Agreement in relation to the underwriting and respective arrangements in respect of the Rights Issue. Details of the Underwriting Agreement are as follows:

Date: 28 December 2023

Joint Underwriters:

- (i) DL Securities (HK) Limited, a licensed corporation to carry out business in Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and its ordinary course of business includes underwriting of securities; and
- (ii) Victory Securities Company Limited, a licensed corporation to carry out business in Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO, and its ordinary course of business includes underwriting of securities.

DL Securities (HK) Limited is a wholly-owned subsidiary of DL Holdings Group Limited (whose shares are listed on the Main Board of the Stock Exchange). Victory Securities Company Limited is a wholly-owned subsidiary of Victory Securities (Holdings) Company Limited (whose shares are listed on GEM of the Stock Exchange). To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Joint Underwriters, DL Holdings Group Limited and Victory Securities (Holdings) Company Limited are Independent Third Parties.

Each of the Joint Underwriters confirmed that it has complied with Rule 7.19(1)(a) of the Listing Rules.

Number of Underwritten Rights Shares being underwritten by the Joint Underwriters: Subject to the terms and conditions of the Underwriting Agreement, the Joint Underwriters agreed to procure, on a best effort basis, the subscription for:

- (i) up to 216,769,742 Underwritten Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date); or
- (ii) up to 222,273,742 Underwritten Rights Shares (assuming no change in the number of Shares other than the full exercise of the outstanding Share Options on or before the Record Date).

Commission: The Company shall pay to the Joint Underwriters an underwriting commission equal to 2.5% of the aggregate subscription amount in respect of such number of the Rights Shares actually procured by the Joint Underwriters for subscription pursuant to the Underwriting Agreement, provided that each Underwriter shall be entitled to an underwriting commission of no less than HK\$25,000.

Pursuant to the Underwriting Agreement, the Joint Underwriters shall ensure that (i) each of the subscribers of the Underwritten Rights Shares procured by them shall be an Independent Third Party; (ii) none of the subscribers of the Underwritten Rights Shares shall own 10% or more of the total number of Shares in issue immediately upon completion of the Rights Issue; (iii) the Public Float Requirement remains to be fulfilled by the Company upon completion of the Rights Issue; and (iv) the Joint Underwriters or each subscriber procured by the Joint Underwriters (together with parties acting in concert with the respective subscribers or any of the connected persons or associates of the respective subscribers) shall not hold in aggregate 30% or more of the voting rights of the Company immediately after the Rights Issue.

The terms of the Underwriting Agreement (including the underwriting commission and fee) were determined after arm's length negotiations among the Company and the Joint Underwriters with reference to the size of the Rights Issue, the current and expected market conditions and the prevailing market rate of commission and are on normal commercial terms. Taking into account the aforesaid, the Directors consider that the terms of the Underwriting Agreement are fair and reasonable so far as the Company and the Shareholders are concerned.

Subject to the fulfilment of all the conditions precedent contained in the Underwriting Agreement and provided that the Underwriting Agreement is not terminated prior to the Latest Time for Termination in accordance with the terms thereof, the Joint Underwriters shall subscribe for or procure the subscription, on a best-effort basis, on the terms of the Prospectus Documents (insofar as the same are applicable) for such Underwritten Shares.

If the Joint Underwriters terminates the Underwriting Agreement, the Rights Issue will not proceed. Further announcement would be made by the Company if the Underwriting Agreement is terminated by the Joint Underwriters.

Conditions of the Rights Issue and the Underwriting Agreement

The completion of the Rights Issue and the obligations of the Joint Underwriters under the Underwriting Agreement are conditional on each of the following conditions being fulfilled:

- (i) the delivery to the Stock Exchange and registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly certified in compliance with the Companies (WUMP) Ordinance (and other documents required to be attached thereto) and otherwise complying with the requirements of the Companies (WUMP) Ordinance, the Companies Ordinance and the Listing Rules;
- (ii) the despatch of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus stamped “For Information Only” to the Non-Qualifying Shareholders, if any, for information purpose only;
- (iii) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms; and
- (iv) the Underwriting Agreement not being terminated by the Joint Underwriters in accordance with the terms thereof.

All of the conditions (except condition (iv)) are incapable of being waived. If the conditions above are not satisfied by the Latest Time for Termination (or such other time and/or date as the Company may determine), the Rights Issue shall be terminated. As at the date of this announcement, none of the conditions precedent has been fulfilled.

Termination of the Underwriting Agreement

If at any time at or prior to the Latest Time for Termination:

- (i) there occurs any new regulation or any change in the existing law or regulation which may in the reasonable opinion of the Joint Underwriters materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (ii) any material adverse change in the business or in the financial or trading position of the Group as a whole which, in the reasonable opinion of the Joint Underwriters, makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (iii) any material adverse change in market conditions (including 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 Joint Underwriters, makes it inexpedient or inadvisable to proceed with the Rights Issue,

then in any such case the Joint Underwriters 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 Termination) terminate the Underwriting Agreement.

If the Joint Underwriters give a notice of termination to the Company in accordance with the terms of the Underwriting Agreement, all obligations of the Joint Underwriters 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 Joint Underwriters exercise their 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 Joint Underwriters.

SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Rights Issue assuming full acceptance by the Qualifying Shareholders; (iii) immediately after completion of the Rights Issue assuming nil acceptance by the Qualifying Shareholders and none of the Unsubscribed Rights Shares are taken up by the Joint Underwriters or subscribers procured by the Joint Underwriters; and (iv) immediately after completion of the Rights Issue assuming nil acceptance by the Qualifying Shareholders and all the Unsubscribed Rights Shares are taken up by the Joint Underwriters or subscribers procured by the Joint Underwriters:

- (a) assuming no outstanding Share Options being exercised and there is no other change in the shareholding structure of the Company before completion of the Rights Issue:

	As at the date of this announcement		Immediately after completion of the Rights Issue assuming full acceptance by the Qualifying Shareholders		Immediately after completion of the Rights Issue assuming nil acceptance by the Qualifying Shareholders and none of the Unsubscribed Rights Shares are taken up by the Joint Underwriters or subscribers procured by the Joint Underwriters		Immediately after completion of the Rights Issue assuming nil acceptance by the Qualifying Shareholders and all the Unsubscribed Rights Shares are taken up by the Joint Underwriters or subscribers procured by the Joint Underwriters	
Directors of the Company and its subsidiaries								
Mr. Chiu Sui Keung	5,654,200	0.52	6,785,040	0.52	5,654,200	0.52	5,654,200	0.43
Ms. Qin Jiali	43,060,000	3.97	51,672,000	3.97	43,060,000	3.97	43,060,000	3.31
Mr. Zhang Shaoyan	5,346,000	0.49	6,415,200	0.49	5,346,000	0.49	5,346,000	0.41
Mr. Zhao Zhenzhong	52,660,000	4.86	63,192,000	4.86	52,660,000	4.86	52,660,000	4.05
Mr. Guo Wei	33,260,000	3.07	39,912,000	3.07	33,260,000	3.07	33,260,000	2.56
Mr. Cheng Wing Keung, Raymond	408,200	0.04	489,840	0.04	408,200	0.04	408,200	0.03
Mr. Lam Williamson	436,200	0.04	523,440	0.04	436,200	0.04	436,200	0.03
Mr. Wong Hoi Kuen	436,200	0.04	523,440	0.04	436,200	0.04	436,200	0.03
Dr. Lam Lee G.	200,000	0.02	240,000	0.02	200,000	0.02	200,000	0.02
Other directors of the subsidiaries of the Company	45,600,000	4.21	54,720,000	4.21	45,600,000	4.21	45,600,000	3.51
Ex-Directors								
Mr. Zhang Xiaobin (Note 1)	19,130,298	1.77	22,956,357	1.77	19,130,298	1.77	19,130,298	1.47
Mr. Gao Feng (Note 1)	50,351,506	4.65	60,421,807	4.65	50,351,506	4.65	50,351,506	3.87
Sub-total:	256,542,604	23.67	307,851,124	23.67	256,542,604	23.67	256,542,604	19.72
Public								
Joint Underwriters and/or subscriber(s) procured by them	-	-	-	-	-	-	216,769,742	16.67
Other public shareholders	827,306,108	76.33	992,767,329	76.33	827,306,108	76.33	827,306,108	63.61
Sub-total:	827,306,108	76.33	992,767,329	76.33	827,306,108	76.33	1,044,075,850	80.28
Total:	1,083,848,712	100.00	1,300,618,454	100.00	1,083,848,712	100.00	1,300,618,454	100.00

Notes:

1. Both Mr. Zhang Xiaobin and Mr. Gao Feng retired as executive Directors with effect from 29 September 2023. They are no longer required to make disclosure of any change in shareholding of the Company as a Director after 29 September 2023. Their shareholdings set out in the above table are derived from public information and based on the best knowledge of the Directors.
 2. Percentage figures are rounded to two decimal places, and certain percentage figures included in the above table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.
- (b) assuming all outstanding Share Options being exercised on or before the Record Date and there is no other change in the shareholding structure of the Company before completion of the Rights Issue:

	As at the date of this announcement		Immediately after full exercise of all outstanding Share Options but otherwise no other change to the number of issued Shares up to the Record Date		Immediately after completion of the Rights Issue assuming full acceptance by the Qualifying Shareholders		Immediately after completion of the Rights Issue assuming nil acceptance by the Qualifying Shareholders and none of the Unsubscribed Rights Shares are taken up by the Joint Underwriters or subscribers procured by the Joint Underwriters		Immediately after completion of the Rights Issue assuming nil acceptance by the Qualifying Shareholders and all the Unsubscribed Rights Shares are taken up by the Joint Underwriters or subscribers procured by the Joint Underwriters	
Directors of the Company and its subsidiaries										
Mr. Chiu Sui Keung	5,654,200	0.52	11,454,200	1.03	13,745,040	1.03	11,454,200	1.03	11,454,200	0.86
Ms. Qin Jiali	43,060,000	3.97	43,060,000	3.87	51,672,000	3.87	43,060,000	3.87	43,060,000	3.23
Mr. Zhang Shaoyan	5,346,000	0.49	11,146,000	1.00	13,375,200	1.00	11,146,000	1.00	11,146,000	0.84
Mr. Zhao Zhenzhong	52,660,000	4.86	52,660,000	4.74	63,192,000	4.74	52,660,000	4.74	52,660,000	3.95
Mr. Guo Wei	33,260,000	3.07	33,260,000	2.99	39,912,000	2.99	33,260,000	2.99	33,260,000	2.49
Mr. Cheng Wing Keung, Raymond	408,200	0.04	988,200	0.09	1,185,840	0.09	988,200	0.09	988,200	0.07
Mr. Lam Williamson	436,200	0.04	1,016,200	0.09	1,219,440	0.09	1,016,200	0.09	1,016,200	0.08
Mr. Wong Hoi Kuen	436,200	0.04	1,016,200	0.09	1,219,440	0.09	1,016,200	0.09	1,016,200	0.08
Dr. Lam Lee G.	200,000	0.02	780,000	0.07	936,000	0.07	780,000	0.07	780,000	0.06
Other directors of the subsidiaries of the Company	45,600,000	4.21	53,000,000	4.77	63,600,000	4.77	53,000,000	4.77	53,000,000	3.97
Ex-Directors										
Mr. Zhang Xiaobin (Note 1)	19,130,298	1.77	19,130,298	1.72	22,956,357	1.72	19,130,298	1.72	19,130,298	1.43
Mr. Gao Feng (Note 1)	50,351,506	4.65	50,351,506	4.53	60,421,807	4.53	50,351,506	4.53	50,351,506	3.78
Sub-total:	256,542,604	23.67	277,862,604	25.00	333,435,124	25.00	277,862,604	25.00	277,862,604	20.83
Public										
Joint Underwriters	-	-	-	-	-	-	-	-	222,273,742	16.67
Other public shareholders	827,306,108	76.33	833,506,108	75.00	1,000,207,329	75.00	833,506,108	75.00	833,506,108	62.50
Sub-total:	827,306,108	76.33	833,506,108	75.00	1,000,207,329	75.00	833,506,108	75.00	1,055,779,850	79.17
Total:	1,083,848,712	100.00	1,111,368,712	100.00	1,333,642,454	100.00	1,111,368,712	100.00	1,333,642,454	100.00

Notes:

1. Both Mr. Zhang Xiaobin and Mr. Gao Feng retired as executive Directors with effect from 29 September 2023. They are no longer required to make disclosure of any change in shareholding of the Company as a Director after 29 September 2023. Their shareholdings set out in the above table are derived from public information and based on the best knowledge of the Directors.
2. Percentage figures around rounded to two decimal places, and certain percentage figures included in the above table have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

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.

Pursuant to the Underwriting Agreement, in the event of the Joint Underwriters being called upon to subscribe for or procure subscription for the Underwritten Rights Shares, the Joint Underwriters shall confirm with the Company the actual number of the Underwritten Rights Shares by 4:00 p.m. on the Latest Acceptance Date and shall procure for subscription therefor on the best-effort basis whilst using its best endeavours to ensure that (1) each of the subscribers of the Underwritten Rights Shares procured by the Joint Underwriters shall be an Independent Third Party; (2) none of the subscribers of the Underwritten Rights Shares shall own 10% or more of the total number of Shares in issue immediately upon completion of the Rights Issue; (3) the Public Float Requirement be fulfilled by the Company upon completion of the Rights Issue; and (4) the Joint Underwriters or each subscriber procured by the Joint Underwriters (together with parties acting in concert with the respective subscribers or any of the connected persons or associates of the respective subscribers) shall not hold in aggregate 30% or more of the voting rights of the Company immediately after the Rights Issue.

POSSIBLE ADJUSTMENTS TO THE OUTSTANDING SHARE OPTIONS UNDER THE SHARE OPTION SCHEME

Pursuant to the terms of the Share Option Scheme, the subscription prices on the exercise of the Share Options and/or number of Shares related to the Share Options under the Share Option Scheme may be adjusted in accordance with the Share Option Scheme upon the Rights Issue becoming unconditional. The Company will notify the holders (if any) of the Share Options and the Shareholders by way of announcement (as and when appropriate) regarding adjustments to be made (if any) pursuant to the terms of the Share Option Scheme and such adjustment will be certified by an independent financial adviser or auditors of the Company (as the case may be).

FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

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

Date of announcements	Event	Net proceeds (raised) (approximately)	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
16 October 2023 and 1 November 2023	Placing of 180,640,000 new Shares at the placing price of HK\$0.14 each to not less than six places under general mandate	HK\$24,500,000	The net proceeds were intended to be used as to HK\$2,500,000 for replenishing the working capital of the Group and as to HK\$22,000,000 for developing the Group's businesses.	As at the date hereof, the net proceeds has been fully utilised as intended.
12 December 2022, 5 January 2023, 20 January 2023, 16 February 2023, 10 March 2023, 31 March 2023, 21 April 2023, 12 May 2023, 2 June 2023, 23 June 2023 and 27 June 2023	Placing of 150,520,000 new Shares at the placing price of HK\$0.103 each to not less than six places under general mandate	HK\$14,578,000	The net proceeds were intended to be used as to HK\$8,000,000 for replenishing the working capital of the Group and as to HK\$6,578,000 for developing the Group's businesses.	As at the date hereof, the net proceeds has been fully utilised as intended.

Save as the abovementioned, the Company had not conducted any other fundraising exercise in the past 12 months immediately preceding the date of this announcement.

EXPECTED TIMETABLE FOR THE RIGHTS ISSUE

The expected timetable for the Rights Issue is set out below:

Event	Date
Announcement of the Rights Issue	Thursday, 28 December 2023
Last day of dealings in the Shares on a cum-rights basis	Wednesday, 10 January 2024
First day of dealings in the Shares on an ex-rights basis.	Thursday, 11 January 2024
Latest time for lodging transfer documents of the Shares in order to qualify for the Rights Issue.	4:30 p.m. on Friday, 12 January 2024
Register of members of the Company closes for determining entitlements under the Rights Issue (both days inclusive).	Monday, 15 January 2024 to Friday, 19 January 2024
Record date for determining entitlements under the Rights Issue	Friday, 19 January 2024
Register of members of the Company reopens	Monday, 22 January 2024
Despatch of the Prospectus Documents (in the case of Non-Qualifying Shareholders, the Prospectus only)	Monday, 22 January 2024
First day of dealing in nil-paid Rights Shares	Wednesday, 24 January 2024
Latest time for splitting of nil-paid Rights Shares	4:00 p.m. on Friday, 26 January 2024
Last day of dealing in nil-paid Rights Shares	Wednesday, 31 January 2024
Latest time for acceptance of and payment for the Rights Shares and application for excess Rights Shares.	4:00 p.m. on Monday, 5 February 2024
Latest time to terminate the Underwriting Agreement and for the Rights Issue to become unconditional.	4:30 p.m. on Tuesday, 6 February 2024

Event	Date
Announcement of the results of the Rights Issue, the application for excess Rights Shares to be published on the Stock Exchange’s website and the Company’s website on or before.	Wednesday, 14 February 2024
Despatch of certificates for fully-paid Rights Shares or refund cheques if the Rights Issue is terminated/unsuccessful applications for excess Rights Shares.	Thursday, 15 February 2024
Commencement of dealings in fully-paid Rights Shares.	9:00 a.m. on Friday, 16 February 2024

Note: All times and dates in this announcement refer to Hong Kong local times and dates. Shareholders should note that the dates or deadlines specified in the expected timetable for the Rights Issue as set out above, and in other parts of this announcement, are indicative only, the Board may extend, or make adjustment to, the timetable if it considers appropriate. Any such extension or adjustment to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

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

The latest time for acceptance of and payment for Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning and/or “extreme conditions caused by super typhoons” as announced by the Hong Kong Government:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Acceptance Date. Instead, the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same day; and
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Acceptance Date. Instead, the latest time of acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place on the Latest Acceptance Date, the dates mentioned in the section headed “Expected timetable for the Rights Issue” may be affected. The Company will notify the Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

REASONS FOR THE RIGHTS ISSUE

The Company is an investment holding company incorporated in the Cayman Islands. The Group is principally engaged in the supply chain business for branded goods and consumer products in the Greater China region. Earlier this year, the Group has restructured and upgraded its supply chain business by expanding its sales channels at various levels, upgrading the traditional business to business (B2B) model to business to channels to business (B2C2C) model covering different online and offline sales channels, and developing various value-added services such as brand building, management and promotion for brand owners (or their advertising agents).

The Group, guided by its business philosophy of delivering “an easier life and better livelihood”, serves as a brand digital and intelligence service provider and specialises in providing comprehensive lifecycle digitalisation service for brands, focusing on brand management, brand promotion and brand supply chain. Leveraging an extensive array of scenario-based digital media in hotel platforms, the Group aims to offer brand strategic services and digital advertising system. The overarching goal is to assist brands in creating an experience-driven economy and fostering scenario-based integrated marketing. The Group’s operating objective is to expand its brand promotion and brand supply chain business into the six major segments of modern human production and living, namely “dining, lodging, transportation, travel, shopping and entertainment”. In November and December 2023, the Group took the lead in launching an all-round cooperation with the Skyworth Auto Brand in respect of new energy automobiles, the tourism bureaus of Anshun City and Qiannan Buyei and Miao Autonomous Prefecture in relation to tourism segment, and Guitai Liquor Brand in respect of catering sector. For details, please refer to the announcements of the Company dated 27 November 2023, 11 December 2023 and 28 December 2023.

The Group has strategically reallocated its workforce and resources towards the development of the supply chain business, with focus on brand promotion. In June and November 2023, the Company completed two rounds of share placements, raising net proceeds totaling approximately HK\$39 million, which has been fully utilised as intended. Over the course of the six months ended 30 September 2023, the Group generated approximately HK\$57.8 million in revenue from the brand promotion business, which highlights the Group’s proactive endeavours in this area.

The Group plans to continue developing its brand promotion and brand supply chain businesses and requires substantial financial and operational resources to expand and raise the scale of the operations. The net proceeds from the Rights Issue will not only provide the necessary funding to facilitate the development and expansion of the Group’s brand promotion business and brand supply chain business but also strengthen the financial positions of the Group. For details of the proposed use of the net proceeds from the Rights Issue, please refer to the paragraph headed “Proposed Use of Proceeds” below.

The Board considers that it is prudent to finance the Group's long-term growth by long term financing, preferably in the form of equity which will not increase the Group's finance costs. Before resolving to proceed with the proposed Rights Issue, the Board has considered other fund-raising alternatives, including but not limited to debt financing, placing and open offer. In respect of debt financing, it will result in additional interest burden and higher gearing ratio of the Group and usually require asset pledging and corporate guarantees. In addition, debt financing may not be achievable on favourable terms in a timely manner. Therefore, the Directors are of the view that debt financing from financial institutions is of limited accessibility and undesirable effects and such funding method is not in the interests of the Company and its Shareholders as a whole. As for placing of new Shares, it is relatively smaller in scale as compared to fund raising through rights issue and it would lead to immediate dilution in the shareholding interest of the existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, which is not the intention of the Company. As for open offer, while it is similar to a rights issue, offering qualifying shareholders to participate, it does not allow free trading of rights entitlements in the open market unlike a rights issue, which would allow Shareholders to have more flexibility in dealing with the Shares and the Nil Paid Rights attaching thereto.

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

In view of the above, the Board considers that it is in the interests of the Company and the Shareholders as a whole to proceed with the Rights Issue to provide the existing Shareholders an opportunity to participate in the enlarged capital base of the Company.

PROPOSED USE OF PROCEEDS

The maximum gross proceeds from the Rights Issue (after deducting the expenses) are estimated to be (i) approximately HK\$95.38 million (assuming no change in the number of Shares in issue on or before the Record Date) or (ii) HK\$97.80 million (assuming no change in the number of Shares in issue other than the full exercise of the outstanding Share Options on or before the Record Date).

The estimated expenses of the Rights Issue are approximately HK\$1.00 million, which include underwriting commission and professional fees payable to financial adviser, legal advisers, financial printer and other parties involved in the Rights Issue. The maximum net proceeds from the Rights Issue (after deducting the expenses) are estimated to be (i) approximately HK\$94.38 million (assuming no change in the number of Shares in issue on or before the Record Date) or (ii) HK\$96.80 million (assuming no change in the number of Shares in issue other than the full exercise of the outstanding Share Options on or before the Record Date).

Assuming the Rights Issue is fully subscribed and there will be no change in the number of Shares in issue on or before the Record Date, the Company intends to apply the net proceeds from the Rights Issue as to:

- (i) approximately HK\$40 million, being approximately 42.38% of the net proceeds, for developing the Group's brand promotion business;
- (ii) approximately HK\$40 million, being approximately 42.38% of the net proceeds, for developing the Group's brand supply chain business; and
- (iii) approximately HK\$14.38 million, being approximately 15.24% of the net proceeds, as general working capital of the Group.

The Rights Issue will proceed irrespective of the level of acceptance of the provisionally allotted Rights Shares. In the event the Rights Issue is undersubscribed, any Rights Shares that are not taken up under the PALs and the EAFs will be subscribed by the Joint Underwriters or other subscribers procured by the Joint Underwriters, on a best effort basis, pursuant to the Underwriting Agreement. Any Rights Shares that are not taken up under the PALs and the EAFs and also not subscribed by the subscribers procured by the Joint Underwriters will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There are no statutory requirements regarding minimum subscription levels in respect of the Rights Issue. There is no minimum amount to be raised under the Rights Issue.

In the event that the Rights Issue is not subscribed in full, the net proceeds of the Rights Issue will be utilised in proportion to the above intended uses. In the event that additional Shares are issued upon exercise of the outstanding Share Options on or before the Record Date, the net proceeds of the additional Rights Shares issued will be utilised in proportion to the above intended uses.

LISTING RULES IMPLICATIONS

As the Company has not conducted any rights issue or open offer within the 12-month period prior to the date of this announcement and the proposed Rights Issue will not increase the number of issued Shares or the market capitalisation of the Company by more than 50%, and the Rights Issue is not underwritten by a Director, chief executive or substantial Shareholder of the Company (or any of their respective close associates), the Rights Issue is not conditional upon approval by the Shareholders.

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.

GENERAL

The Prospectus Documents containing, among other things, the Prospectus setting out details of the Rights Issue, the PAL(s) and the EAF(s) are expected to be despatched to the Qualifying Shareholders on Monday, 22 January 2024. Copies of the Prospectus Documents will also be made available on the websites of the Company (<http://www.capitalfp.com.hk/eng/index.jsp?co=223>) and the Stock Exchange (<http://www.hkexnews.hk>). Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company will send copies of the Prospectus to the Non-Qualifying Shareholders (if any) for their information only, but will not send any PAL or EAF to them.

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

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, (i) the fulfillment and/or waiver (where applicable) of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms; and (ii) the Underwriting Agreement having become unconditional and the Joint Underwriters not having terminated the Underwriting Agreement in accordance with the terms thereof. Please refer to the section headed "Conditions of the Rights Issue and the Underwriting Agreement" in this announcement. Accordingly, the Rights Issue will not proceed if any of the conditions of the Rights Issue is not fulfilled or waived (where applicable).

The Shares are expected to be dealt in on an ex-rights basis from Thursday, 11 January 2024. Dealing in the Rights Shares in nil-paid form are expected to take place from Wednesday, 24 January 2024 to Wednesday, 31 January 2024 (both dates inclusive).

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

DEFINITIONS

Unless the context otherwise requires, terms used in this announcement shall have the following respective meanings:

“Board”	the board of Directors
“Business Day”	any day on which banks are generally open for business in Hong Kong (excluding Saturday and Sunday)
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Company”	Elife Holdings Limited (Stock Code: 223), a company duly incorporated in the Cayman Islands with limited liability, and the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the same meaning as ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“EAF(s)”	the form(s) of application for excess Rights Shares to be issued in connection with the Rights Issue
“Financial Adviser”	VS Capital Limited, a licensed corporation under the SFO to carry out Type 6 (advising on corporate finance) regulated activities, which has been appointed by the Company to be its financial adviser in respect of the Rights Issue

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of the Company and any connected person(s) of the Company and not a connected person of the Company
“Joint Underwriters”	DL Securities (HK) Limited and Victory Securities Company Limited
“Last Trading Day”	Thursday, 28 December 2023, being the last trading day for the Shares immediately before the release of this announcement
“Latest Acceptance Date”	Monday, 5 February 2024, being the last day for acceptance and payment in respect of the provisional allotments under the Rights Issue and for application and payment for excess Rights Shares, or such other date as the Company may determine
“Latest Time for Termination”	4:30 p.m. on Tuesday, 6 February 2024 or such other time and date as may be agreed in writing among the Company and the Joint Underwriters, being the latest time and date at which the Joint Underwriters may terminate the Underwriting Agreement
“Listing Committee”	has the same meaning as ascribed to it in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MGO Obligation”	the obligation to make a mandatory general offer under the Takeovers Code
“Nil Paid Rights”	rights to subscribe for Rights Shares (in the form of Rights Shares in nil-paid form) before the Subscription Price is paid

“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) in respect of whom the Directors, based on legal advice provided by legal advisers in the relevant jurisdictions, consider it necessary or expedient to exclude from the Rights Issue, on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Overseas Shareholder(s)”	Shareholder(s) whose names appear on the register of members of the Company as at the close of business on the Record Date and whose address(es) as shown on such register is/are outside Hong Kong
“Posting Date”	22 January 2024 or such other date as the Company determine in writing for the despatch of the Prospectus Documents
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL and the EAF
“Provisional Allotment Letter(s)” or “PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue in such form as the Company may approve
“Public Float Requirement”	the public float requirement under Rule 8.08 of the Listing Rules
“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear on the register of members of the Company as at the close of business on the Record Date
“Record Date”	19 January 2024, being the date by reference to which entitlements of the Shareholders under the Rights Issue are expected to be determined
“Registrar”	the branch share registrar and transfer office of the Company, being Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong

“Rights Issue”	the proposed offer of the Rights Shares to the Qualifying Shareholders at the Subscription Price, on the basis of one (1) Rights Share for every five (5) existing Shares held by each Qualifying Shareholder on the Record Date
“Rights Share(s)”	the new Share(s) to be allotted and issued in respect of the Rights Issue
“Scale-down EAF Shares”	such number of Rights Shares applied for as excess application under the EAF(s) which would, if allotted by the Company, result in the incurring of an MGO Obligation on the part of the applicant or the failure to comply with the Public Float Requirement on the part of the Company
“Scale-down PAL Shares”	such number of Rights Shares applied for under the PAL(s) which would, if allotted by the Company, result in the incurring of an MGO Obligation on the part of the applicant or the failure to comply with the Public Float Requirement on the part of the Company
“Scaling-down”	the scale-down mechanisms of the Rights Issue as determined by the Company to which any application for the Rights Shares, whether under the PALs or EAFs, or transferees of the Nil Paid Rights shall be subject to ensure that no application for the Rights Shares or the allotment thereof by the Company shall be at such level which may trigger any MGO Obligation or result in non-compliance of the Public Float Requirement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of the Company
“Share Option(s)”	the share option(s) of the Company granted pursuant to the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company on 8 October 2010
“Shareholder(s)”	the holder(s) of the Shares

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.44 per Rights Share
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriting Agreement”	the underwriting agreement entered into between the Company and the Joint Underwriters on 28 December 2023 in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Rights Shares”	the Rights Shares that are conditionally underwritten by the Joint Underwriters on a best-effort basis pursuant to the terms of the Underwriting Agreement
“Unsubscribed Rights Shares”	the number of the unsubscribed Rights Share(s) not taken up by the Qualifying Shareholder(s) or renounee(s) or transferee(s) of Nil Paid Rights under the PAL(s)
“%”	per cent or percentage

By order of the Board
Elife Holdings Limited
Chow Chi Fai
Company Secretary

Hong Kong, 28 December 2023

As at the date of this announcement, the executive Directors are Mr. Chiu Sui Keung, Mr. Qin Jiali, Mr. Zhang Shaoyan, Mr. Zhao Zhenzhong and Mr. Guo Wei, and the independent non-executive Directors are Mr. Cheng Wing Keung Raymond, Mr. Lam Williamson, Mr. Wong Hoi Kuen and Dr. Lam Lee G.