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Value Convergence Holdings Limited

(Incorporated in Hong Kong with limited liability)

Website: <http://www.vcgroup.com.hk>

(Stock Code: 821)

**(I) PLACING OF NEW SHARES UNDER GENERAL MANDATE;
(II) DISCLOSEABLE TRANSACTION IN RELATION TO
ACQUISITION OF 24% EQUITY INTEREST
IN THE TARGET COMPANY INVOLVING THE
ISSUE OF CONSIDERATION CONVERTIBLE BONDS
UNDER GENERAL MANDATE; AND
(III) PLACING OF CONVERTIBLE BONDS UNDER SPECIFIC
MANDATE**

Placing Agent



VC Brokerage Limited

(I) PLACING OF NEW SHARES

On 22 February 2024 (after trading hours), the Company entered into the Share Placing Agreement with the Placing Agent, pursuant to which the Company was desirous of offering the Placing Shares free from any encumbrance whatsoever for subscription and appointed the Placing Agent on sole and exclusive basis to place and procure subscriptions for the Placing Shares on a best effort basis subject to the terms and conditions set out in the Share Placing Agreement. The Placing Agent shall procure not less than six Share Placees to subscribe for up to 244,200,000 Placing Shares at the Share Placing Price of HK\$0.12 per Placing Share during the Share Placing Period.

The maximum number of 244,200,000 Placing Shares represent (i) approximately 9.87% of the total number of issued Shares as at the date of the Sale and Purchase Agreement; (ii) approximately 8.99% of the total number of issued Shares as enlarged by the allotment and issue of the 244,200,000 Placing Shares (assuming there will be no change in the total number of issued Shares between the date of the Sale and Purchase Agreement up to the Share Placing Completion Date); and (iii) approximately 6.66% of the total number of issued Shares as enlarged by the allotment and issue of the 244,200,000 Placing Shares, the 250,000,000 Consideration CB Conversion Shares and the 700,000,000 Placing Conversion Shares (assuming there will be no change in the total number of issued Shares between the date of the Sale and Purchase Agreement up to the Share Placing Completion Date, the date of full conversion of the Consideration CB or the date of full conversion of the Placing CB, whichever is later).

The Share Placing Price of HK\$0.12 per Placing Share represents (i) a premium of approximately 1.69% over the closing price of HK\$0.118 per Share as quoted on the Stock Exchange on the date of the Share Placing Agreement; and (ii) a premium of approximately 2.21% over the average of the closing prices for the five consecutive trading days immediately prior to the date of the Share Placing Agreement as quoted on the Stock Exchange of HK\$0.1174 per Share.

Assuming all the Placing Shares are successfully placed by the Placing Agent, the maximum gross proceeds from the Share Placing will be approximately HK\$29.3 million. The maximum net proceeds from the Share Placing (after deducting the commission payable to the Placing Agent, professional fees and other related costs and expenses incurred in the Share Placing) will be approximately HK\$28.3 million which will be used for general working capital including but not limited to rental expenses, salary expenses and other office overhead.

The Placing is not subject to the Shareholders' approval as the Placing Shares will be allotted and issued under the General Mandate.

(II) THE ACQUISITION

The Board is pleased to announce that, on 22 February 2024 (after trading hours), the Company, the Purchaser, being an indirect wholly-owned subsidiary of the Company, and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Vendor conditionally agreed to sell to the Purchaser, and the Purchaser conditionally agreed to purchase from the Vendor, the Sale Interest at the Consideration of HK\$30,000,000 by the issue of the Consideration CB by the Company to the Vendor. The Sale Interest represents 24% of the total equity interest of the Target Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are, as at the date of the Sale and Purchase Agreement, third parties independent of and not connected with the Company or its connected persons (as defined in the Listing Rules).

The initial Consideration CB Conversion Price shall be HK\$0.12 per Consideration CB Conversion Share. A maximum of 250,000,000 new Shares to be allotted and issued upon exercise of the Consideration CB Conversion Rights represents approximately 10.11% of the existing total number of issued Share as at the date of the Sale and Purchase Agreement.

The Vendor irrevocably guaranteed to the Purchaser and the Company that based on its audited financial statements, the net income after tax of the Target Company for the period from 1 January 2024 to 31 December 2024 shall not be less than HK\$20,000,000 as the Profit Guarantee.

If the audited reports for the Relevant Period confirms that the Profit Guarantee not having been satisfied by the Target Company, or if the audited reports for the Relevant Period are not published on or before 31 March 2025, or the Purchaser not being satisfied with all or part of the content of the audited reports for the Relevant Period, or if the Vendor having breached any terms and conditions as set out in the Sale and Purchase Agreement, or the Vendor having breached any of its warranties or such warranties not reflecting the truth, the Purchaser may, without paying any premium, subject to full fulfilment of the requirements and/or conditions of the authorities and/or departments and full satisfaction of the regulatory framework under the Companies Ordinance, the SFO, the Listing Rules, the Takeovers Code and other relevant laws and regulations, immediately exercise its option to sell all the Sale Interest back to the Vendor at the consideration of HK\$30,000,000, and the Vendor shall not refuse to receive all or any part of the Sale Interest (the "**Put Option**"). The consideration to be paid by the Vendor for such sell back of the Sale Interest will be satisfied in full by returning the bond certificates of the Consideration CB and the Consideration CB Instrument to the Company or the nominee of the Company and the Vendor shall not have to pay any premium or other amount.

Subject to the satisfaction of the Profit Guarantee and the Put Option not having been exercised by the Purchaser, the Consideration CB Conversion Period will commence from 30 June 2025 (or the subsequent Business Day if that day is not a Business Day) to the date falling on five (5) Business Days before the Consideration CB Maturity Date (both days inclusive).

(III) THE CB PLACING

On 22 February 2024 (after trading hours), the Company entered into the CB Placing Agreement with the Placing Agent, pursuant to which the Company proposed to offer for subscription, and the Placing Agent agreed to procure subscriptions for the Placing CB on a best effort basis on the terms and subject to the conditions set out in the CB Placing Agreement. The Placing Agent shall procure not less than six (6) CB Placees to subscribe for the Placing CB in the aggregate principal amount of up to HK\$84.0 million during the CB Placing Period.

In the case of the Placing Conversion Rights having been exercised in full, a maximum of 700,000,000 Placing Conversion Shares to be allotted and issued by the Company represents, (i) approximately 28.30% of the existing total number of issued Shares as at the date of the CB Placing Agreement; (ii) approximately 22.06% of the total number of issued Shares as enlarged by the allotment and issue of the 700,000,000 Placing Conversion Shares (assuming there will be no change in the total number of issued Shares between the date of the CB Placing Agreement up to the date of full conversion of the Placing CB); and (iii) approximately 19.09% of the total number of issued Shares as enlarged by the allotment and issue of the 244,200,000 Placing Shares, the 250,000,000 Consideration CB Conversion Shares and the 700,000,000 Placing Conversion Shares (assuming there will be no change in the total number of issued Shares between the date of the CB Placing Agreement up to the Share Placing Completion Date, the date of full conversion of the Consideration CB or the date of full conversion of the Placing CB, whichever is later).

The initial Placing Conversion Price of HK\$0.12 represents (i) a premium of approximately 1.69% over the closing price of HK\$0.118 per Share as quoted on the Stock Exchange on the date of the CB Placing Agreement; (ii) a premium of approximately 2.21% over the average of the closing prices for the last five consecutive trading days immediately prior to the date of the CB Placing Agreement as quoted on the Stock Exchange of HK\$0.1174 per Share.

Assuming all the Placing CB are successfully placed by the Placing Agent, the maximum gross proceeds from the CB Placing will be HK\$84.0 million. The maximum net proceeds from the CB Placing (after deducting the commission payable to the Placing Agent, professional fees and other related costs and expenses incurred in the CB Placing) will be approximately HK\$81.4 million which will be used for (i) general working capital including but not limited to rental expenses, salary expenses and other office overhead of approximately HK\$11.4 million; (ii) brokerage business of approximately HK\$30.0 million; (iii) repayment of liabilities of approximately HK\$10.0 million; and (iv) potential investment in the future when opportunities arise of approximately HK\$30.0 million.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition exceed 5% but are all less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

GENERAL

The EGM will be convened and held for the purpose of considering and, if thought fit, approving the CB Placing Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate by way of poll. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries as at the date of the CB Placing Agreement, no Shareholder has a material interest in the CB Placing Agreement and the transactions contemplated thereunder and therefore no Shareholder will be required to abstain from voting at the EGM to approve the relevant resolution regarding the CB Placing and the Specific Mandate.

A circular containing further details of the CB Placing Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) and a notice convening the EGM, will be despatched to the Shareholders in due course.

Shareholders and potential investors of the Company should note that the Share Placing Completion, the Acquisition Completion and the CB Placing Closing are subject to the fulfilment of the conditions precedent under the Share Placing Agreement, the Sale and Purchase Agreement and the CB Placing Agreement respectively. As the Share Placing Completion, the Acquisition Completion and the CB Placing Closing may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

(I) PLACING OF NEW SHARES

On 22 February 2024 (after trading hours), the Company entered into the Share Placing Agreement with the Placing Agent, pursuant to which the Company was desirous of offering the Placing Shares free from any encumbrance whatsoever for subscription and appointed the Placing Agent on sole and exclusive basis to place and procure subscriptions for the Placing Shares on a best effort basis subject to the terms and conditions set out in the Share Placing Agreement. The Placing Agent shall procure not less than six Share Placees to subscribe for up to 244,200,000 Placing Shares at the Share Placing Price of HK\$0.12 per Placing Share during the Share Placing Period.

THE SHARE PLACING AGREEMENT

Date

22 February 2024 (after trading hours)

Issuer

The Company

Placing Agent

VC Brokerage Limited, a wholly-owned subsidiary of the Company

(each a “**Share Placing Party**” and collectively, the “**Share Placing Parties**”)

Share Placees

The Placing Agent will act as agent of the Company to procure not less than six Share Placees to subscribe for the Placing Shares on a best effort basis. The Share Placee(s) shall be any investor who is an individual, institutional or professional investor selected and/or procured by or on behalf of the Placing Agent as contemplated by the Share Placing Agreement and is (i) independent of the Company (and the Group), its connected person(s) and their respective associate(s), and (ii) independent of and not parties acting in concert with any persons, other Share Placee(s) or Shareholders to the effect that any Share Placing to such investor shall not trigger any mandatory offer obligation under Rule 26.1 of the Takeovers Code, procured by the Placing Agent to subscribe for the Placing Shares pursuant to the Placing Agent’s obligations under the Share Placing Agreement. No Share Placee(s) shall become a substantial Shareholder (as defined in the Listing Rules) of the Company forthwith upon the Share Placing Completion.

Placing Shares

Pursuant to the Share Placing Agreement, the Placing Agent agreed to procure not less than six Share Placees to subscribe for up to 244,200,000 Placing Shares at the Share Placing Price during the Share Placing Period on terms and conditions set out in the Share Placing Agreement on a best effort basis. The maximum number of 244,200,000 Placing Shares represents (i) approximately 9.87% of the total number of issued Shares as at the date of the Sale and Purchase Agreement; (ii) approximately 8.99% of the total number of issued Shares as enlarged by the allotment and issue of the 244,200,000 Placing Shares (assuming there will be no change in the total number of issued Shares between the date of the Sale and Purchase Agreement up to the Share Placing Completion Date); and (iii) approximately 6.66% of the total number of issued Shares as enlarged by the allotment and issue of the 244,200,000 Placing Shares, the 250,000,000 Consideration CB Conversion Shares and the 700,000,000 Placing Conversion Shares (assuming there will be no change in the total number of issued Shares between the date of the Sale and Purchase Agreement up to the Share Placing Completion Date, the date of full conversion of the Consideration CB or the date of full conversion of the Placing CB, whichever is later).

The Placing Shares shall rank *pari passu* in all respects with the existing Shares then in issue, including the right to receive all dividends and/or distributions declared, made or paid on or after the Share Placing Completion.

Share Placing Price

The Share Placing Price of HK\$0.12 per Placing Share represents (i) a premium of approximately 1.69% over the closing price of HK\$0.118 per Share as quoted on the Stock Exchange on the date of the Share Placing Agreement; and (ii) a premium of approximately 2.21% over the average of the closing prices for the last five consecutive trading days immediately prior to the date of the Share Placing Agreement as quoted on the Stock Exchange of HK\$0.1174 per Share.

The net Share Placing Price (after deducting related costs and expenses of the Share Placing) is approximately HK\$0.116 per Share.

The Share Placing Price was determined after arm's length negotiations between the Share Placing Parties on the date of the Share Placing Agreement with reference to, among others, the prevailing market price of the Shares. The Directors consider that the terms of the Share Placing Agreement (including the Share Placing Price) are fair and reasonable and that the Share Placing is in the interests of the Company and the Shareholders as a whole.

Conditions precedent of the Share Placing Agreement

Share Placing Completion shall be conditional upon the satisfaction or fulfillment of the conditions precedent as set out hereunder:

- (a) the Company having complied with, and procured for the compliance with, all law as well as all conditions (if any) imposed by the Stock Exchange or by any other competent authority for issuance and allotment of the Placing Shares as well as the listing of and permission to deal in the Placing Shares and ensure the continued compliance thereof;
- (b) the Listing Committee having granted approval for the listing of, and permission to deal in, the Placing Shares, and such approval not having been revoked, suspended, withdrawn or cancelled, or threatened with any revocation, suspension, withdrawal or cancellation at any time prior to the Share Closing Date; and
- (c) the Company's representations and warranties made pursuant to the Share Placing Agreement being true and accurate in all material respects and not misleading up to Share Placing Completion.

The conditions precedent (a) to (b) above cannot be waived by any Share Placing Party. The Placing Agent (but not the Company) may at any time prior to the Share Closing Date unilaterally waive the condition precedent (c) above. As soon as practicable after the execution of the Share Placing Agreement and in any event, by the Share Closing Date, the Company shall use its best endeavours to procure the satisfaction of the conditions precedent (a) to (b) as well as condition precedent (c) above (in case the condition precedent (c) above has not been waived by the Placing Agent in accordance with the conditions precedent (a) to (c) above).

If any one or more of the conditions precedent above shall not have been satisfied or fulfilled by the Share Closing Date or any of the force majeure event set out below shall have occurred, subject to the terms in relation to failure to complete or lapse or termination of the Share Placing as set out in the Share Placing Agreement, all obligations and responsibilities of the Placing Agent and those of the Company under the Share Placing Agreement shall cease and determine forthwith and no Share Placing Party shall have any claim whatsoever against the other Share Placing Party in relation thereto save for any antecedent breach of the Share Placing Agreement and without prejudice to the accrued rights and liabilities of each Share Placing Party.

Force majeure to the Share Placing Agreement

If at any time between the execution of the Share Placing Agreement and on the Business Day immediately prior to the Share Placing Completion Date, there occurs:

- (a) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company;
- (b) the occurrence of any local, national or international event or change occurring after the date of the Share Placing Agreement of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company or adversely prejudices the success of the Share Placing (such success being the completion of the placing of the Placing Shares to potential investor(s)) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Share Placing;
- (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs after the date of the Share Placing Agreement which materially and adversely affects the success of the Share Placing (such success being the completion of the placing of the Placing Shares to potential investor(s)) or otherwise in the reasonable opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Share Placing;
- (d) the Company commits any material breach of or omits or fails to observe any of its obligations or undertakings under the Share Placing Agreement; or
- (e) any of the representations or warranties contained in the Share Placing Agreement was, when given or deemed to be repeated under the Share Placing Agreement, untrue or inaccurate in any material respect or would in any material respect be untrue or inaccurate, or if repeated the Placing Agent shall determine in its reasonable opinion that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Company or will otherwise likely to have a material prejudicial effect on the Share Placing;

then the Placing Agent may upon giving notice to the Company terminate the Share Placing Agreement with immediate effect. If the Share Placing Agreement shall be terminated pursuant to the abovementioned force majeure events, the obligations of the Placing Agent shall cease and determine, and the Company shall not be liable to pay any commission under the Share Placing Agreement (other than certain provisions as set out in the Share Placing Agreement and all other provisions necessary for the interpretation or enforcement of such provisions and without prejudice to the accrued rights and liabilities of the Share Placing Parties) shall forthwith cease and determine and no Share Placing Party shall, save as provided in the abovementioned force majeure events, have any claim against the other Share Placing Party for compensation, costs, damages or otherwise.

Share Placing Completion

Subject to the fulfilment of the abovementioned conditions precedent of the Share Placing Agreement, the Share Placing Completion shall take place on the Share Placing Completion Date.

Share Placing commission

Subject to the Share Placing Completion having taken place, the Company shall pay to the Placing Agent a placing commission, in Hong Kong dollars, which shall be equivalent to 3% of the aggregate amount of the Share Placing Price multiplied by the number of the Placing Shares placed during the Share Placing Period.

General Mandate

The Placing Shares will be allotted and issued under the General Mandate. As at the date of this announcement, the General Mandate has not been utilised since it was granted and the maximum number of new Shares that could be issued by the Company under the General Mandate is 494,204,608 Shares. As such, the General Mandate is sufficient for the allotment and issue of the Placing Shares.

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 Placing Shares.

REASONS FOR AND BENEFITS OF THE SHARE PLACING AND USE OF PROCEEDS

The Group's expertise includes (i) provision of financial services comprising securities, options brokering and dealing, financing services, corporate finance and other advisory services, asset management and insurance brokerage; (ii) proprietary trading; and (iii) sales and marketing of digital assets.

Assuming all the Placing Shares are successfully placed by the Placing Agent, the maximum gross proceeds from the Share Placing will be approximately HK\$29.3 million. The maximum net proceeds from the Share Placing (after deducting the commission payable to the Placing Agent, professional fees and other related costs and expenses incurred in the Share Placing) will be approximately HK\$28.3 million which will be used for general working capital including but not limited to rental and salary expenses and other office overhead.

The Directors are of the view that (i) the Share Placing can strengthen the capital base and financial position of the Company; (ii) the Share Placing can broaden the shareholder base of the Company; (iii) the Share Placing will not increase the burden on interest payment as compared with debt financing; and (iv) the Share Placing Agreement is entered into upon normal commercial terms following arm's length negotiations between the Share Placing Parties. Accordingly, the Directors consider that the terms of the Share Placing Agreement (including the Share Placing Price and placing commission) are fair and reasonable and that the Share Placing is in the interests of the Company and the Shareholders as a whole.

(II) THE ACQUISITION

The Board is pleased to announce that, on 22 February 2024 (after trading hours), the Company, the Purchaser, being an indirect wholly-owned subsidiary of the Company, and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Vendor conditionally agreed to sell to the Purchaser, and the Purchaser conditionally agreed to purchase from the Vendor, the Sale Interest at the Consideration of HK\$30,000,000 by the issue of the Consideration CB by the Company to the Vendor. The Sale Interest represents 24% of the total equity interest of the Target Company.

THE SALE AND PURCHASE AGREEMENT

Set out below are the principal terms of the Sale and Purchase Agreement:

Date: 22 February 2024 (after trading hours)

Parties: (i) Beijing Zhonglu Longxiang Investment Co., Ltd.* (北京中魯龍翔投資有限公司) as the Vendor;

(ii) Astral Wealth Limited, an indirect wholly-owned subsidiary of the Company, as the Purchaser; and

(iii) the Company

(each an “**Acquisition Party**”, and collectively, the “**Acquisition Parties**”)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are, as at the date of the Sale and Purchase Agreement, third parties independent of and not connected with the Company or its connected persons (as defined in the Listing Rules).

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Vendor shall, as the beneficial owner of the Sale Interest, sell and the Purchaser shall purchase the Sale Interest free from any encumbrance together with the present or future rights attaching to the Sale Interest, including the rights to any dividends or other distributions declared, made or paid after the date of the Sale and Purchase Agreement. The Sale Interest shall represent 24% of the existing share capital of the Target Company at the Acquisition Completion.

The Consideration

The Consideration for the Acquisition is HK\$30,000,000, and it will be settled by the issue of the Consideration CB by the Company and the conversion of such Consideration CB into Consideration CB Conversion Shares shall be restricted by the conditions under the Consideration CB Instrument.

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor on normal commercial term. In accordance with the terms of the Sale and Purchase Agreement, the Vendor provided the Profit Guarantee (as defined below), representing the price-to-earnings ratio (the "**PE ratio(s)**") of approximately 6.25. The Company has benchmarked this against listed companies with similar businesses in Hong Kong and the PRC, where the PE ratios of these companies ranged from 4.17 to 64.51 and the median is approximately 13.27. The PE ratio of the Profit Guarantee (as defined below) of the Target Company falls within the range and is close to the lower end of the range.

As such, the Directors are of the view that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Profit Guarantee and the Put Option

The Vendor irrevocably guaranteed to the Purchaser and the Company that based on its audited financial statements, the net income after tax of the Target Company for the period from 1 January 2024 to 31 December 2024 (the "**Relevant Period**") shall not be less than HK\$20,000,000 (the "**Profit Guarantee**").

Subject to the Acquisition having been completed on the Acquisition Completion Date and the Purchaser and the Company having fulfilled the terms and conditions as set out in the Sale and Purchase Agreement, if the audited reports for the Relevant Period confirms that the Profit Guarantee not having been satisfied by the Target Company, or if the audited reports for the Relevant Period are not published on or before 31 March 2025, or the Purchaser not being satisfied with all or part of the content of the audited reports for the Relevant Period, or if the Vendor having breached any terms and conditions as set out in the Sale and Purchase Agreement, or the Vendor having breached any of its warranties or such warranties not reflecting the truth, the Purchaser may, without paying any premium subject to full fulfilment of the requirements and/or conditions of the authorities and/or departments and full satisfaction of the regulatory framework under the Companies Ordinance, the SFO, the Listing Rules, the Takeovers Code and other relevant laws and regulations, immediately exercise its option to sell all the Sale Interest back to the Vendor at the consideration of HK\$30,000,000, and the Vendor shall not refuse to receive all or any part of the Sale Interest (the “**Put Option**”). The consideration to be paid by the Vendor for such sell back of the Sale Interest will be satisfied in full by returning the bond certificates of the Consideration CB and the Consideration CB Instrument to the Company or the nominee of the Company and the Vendor shall not have to pay any premium or other amount.

Under Rule 14.72(1) of the Listing Rules, the Put Option constitutes an option. As the exercise of the Put Option is at the Purchaser’s discretion, pursuant to Rule 14.75(1) of the Listing Rules, on the grant of the Put Option, only the premium will be taken into consideration for the purpose of classification of notifiable transactions. As nil premium is payable by the Purchaser for the Put Option according to the Sale and Purchase Agreement, the grant of the Put Option to the Purchaser will not constitute a notifiable transaction of the Company. The Company will comply with Chapter 14 of the Listing Rules on the exercise of the Put Option in the future and further announcement(s) will be made by the Company as and when appropriate.

Conditions precedent of the Sale and Purchase Agreement

The Acquisition Completion is subject to the fulfilment of the following conditions precedent (or waived, if applicable) and based on such fulfilment as the pre-requisite:

- (a) the Purchaser being satisfied with the due diligence review results of the Target Company;
- (b) there being no occurrence of event(s) or situation(s) which has/have material adverse impact on the businesses, assets, financial position, business performance, operations, properties conditions or other conditions of the Target Company from the date of the Sale and Purchase Agreement;
- (c) the businesses, assets, financial position, business performance, operations, properties conditions or other conditions of the Target Company as at the Acquisition Completion not being lower or less than that as at the date of the Sale and Purchase Agreement;

- (d) the Vendor having provided and the Purchaser being satisfied with the audited financial statements of the Target Company for the year ended 31 December 2022 and the unaudited balance sheet of the Target Company as at the last day of the month three months prior to the Acquisition Completion Date and the unaudited statement of profit and loss of the Target Company for the period from 1 January 2024 to the last day of the month three months prior to the Acquisition Completion Date;
- (e) the Initial Shareholding Structure (as defined below) remaining intact and the Target Company continuing validly in existence as at the Acquisition Completion, and the Acquisition Parties irrevocably agreeing to the proposed shareholding structure of the Target Company immediately after the Acquisition Completion;
- (f) all necessary consent and approval required to be obtained in respect of the Sale and Purchase Agreement having been obtained by the Acquisition Parties, and the relevant laws and regulations (including but not limited to the Listing Rules and the Takeovers Code (if applicable)) having been complied with by the Acquisition Parties, and such consent and approval remaining effective and any rules or regulations prohibiting or materially delaying the fulfilment and completion of the Sale and Purchase Agreement not having been implemented by the relevant authorities immediately before the Acquisition Completion Date;
- (g) all issued Shares remaining listed on the Stock Exchange and not being cancelled from listing and such listing of Shares not having been objected by the Stock Exchange and there has been no event or situation leading to reasonable expectation of such listing of the Shares having been objected by the Stock Exchange;
- (h) the Stock Exchange granting the listing of and permission to deal in the Consideration CB Conversion Shares upon full conversion of the Consideration CB (either unconditionally or subject to conditions which are acceptable to the Vendor, in the event that such conditions are requested to be fulfilled prior to the Acquisition Completion by the Stock Exchange, such conditions shall be fulfilled or achieved prior to the Acquisition Completion), and such listing of the Consideration CB Conversion Shares and permission remaining fully effective and in force and not having been revoked;
- (i) the Vendor provided to the Purchaser the legal opinion from a practicing lawyer in the PRC designated by the Purchaser (all fees in relation to the obtaining of legal opinion shall be paid by the Vendor), confirming the Acquisition not having breached any of the PRC laws and the Purchaser being satisfied with the content of the legal opinion obtained;

- (j) none of the warranties of the Vendor under the Sale and Purchase Agreement having been breached in any material aspect (or not having been rectified where it can be rectified), or is otherwise rendered misleading or untrue in any material aspect, and no any terms and conditions under the Sale and Purchase Agreement having been breached by the Vendor in any material aspect; and
- (k) none of the warranties of the Purchaser or the Company under the Sale and Purchase Agreement having been breached in any material aspect (or not having been rectified where it can be rectified), or is otherwise rendered misleading or untrue in any material aspect, and no any terms and conditions under the Sale and Purchase Agreement having been breached by the Purchaser and the Company in any material aspect.

Save for conditions precedent (f) to (i) above which cannot be waived, the Purchaser and the Company may waive conditions precedent (a) to (e) and (j) above in relation to any condition precedent on the warranties and responsibilities of the Vendor by noticing the Vendor in writing prior to the Acquisition Long Stop Date, and the Vendor may waive the condition precedent (k) above in relation to any condition precedent on the warranties of the Purchaser and the Company and the responsibilities of the Purchaser and the Company by noticing the Purchaser in writing prior to the Acquisition Long Stop Date.

All conditions precedent above shall be fulfilled on or before the Acquisition Long Stop Date or such later date as may be agreed in writing by the Acquisition Parties (save for the conditions precedent waived pursuant to the above paragraph) and complete the Acquisition on the Acquisition Completion Date. If any of the above conditions precedent are not fulfilled on or before the Acquisition Long Stop Date or such other date as may be agreed in writing by the Acquisition Parties (save for the conditions precedent waived pursuant to the above paragraph), the Acquisition Parties will not have to proceed with the transactions contemplated under the Sale and Purchase Agreement. Also, save for certain provisions under the Sale and Purchase Agreement (such provisions shall remain fully effective and in force), the Sale and Purchase Agreement shall forthwith cease to be effective and no Acquisition Party will have any obligation and claim against any other Acquisition Party, save for any antecedent breaches of the Sale and Purchase Agreement.

Following the entering into of the Sale and Purchase Agreement and immediately before the Acquisition Completion, the Vendor shall facilitate, based on reasonable notice, the Purchaser reasonably access to the current accounts, records, properties and assets of the Target Company, and fulfil the reasonable requests of or respond to the due diligence review of the Purchaser, the Vendor shall provide such related documents and information of the Target Company to the Purchaser such that the Purchaser may conduct and be satisfied with the due diligence.

Acquisition Completion

Subject to the fulfilment or waiver (as the case may be) of the conditions precedent as set out under the paragraph headed “**Conditions precedent of the Sale and Purchase Agreement**” above, the Acquisition Completion shall take place on the Acquisition Completion Date.

Upon the Acquisition Completion, the Target Company will become an associate of the Company and its financial results shall not be consolidated into the financial statements of the Company.

General Mandate

The Consideration CB Conversion Shares will be allotted and issued under the General Mandate. As at the date of the Sale and Purchase Agreement, the General Mandate has not been utilised since it was granted and the maximum number of new Shares that could be issued by the Company under the General Mandate is 494,204,608 Shares. As such, the General Mandate is sufficient for the allotment and issue of the Consideration CB Conversion Shares upon full conversion of the Consideration CB.

Accordingly, the allotment and issue of the aggregate of 244,200,000 Placing Shares and 250,000,000 Consideration CB Conversion Shares are within the limit of the General Mandate and are not subject to Shareholders’ approval.

PRINCIPAL TERMS OF THE CONSIDERATION CB

Set out below are the principal terms of the Consideration CB:

Issuer:	The Company
Principal amount:	HK\$30,000,000
Consideration CB Maturity date:	The date which falls on the second anniversary of the first issue date of the Consideration CB (the “ Consideration CB Maturity Date ”).
Interest:	The Consideration CB shall not bear any interest.
Consideration CB Conversion Price:	The initial Consideration CB Conversion Price shall be HK\$0.12 per Consideration CB Conversion Share, subject to adjustment(s) upon occurrence of certain events as summarised in the paragraph headed “ Adjustments to the Consideration CB Conversion Price ” below.

The initial Consideration CB Conversion Price represents:

- (i) a premium of approximately 1.69% over the closing price of HK\$0.118 per Share as quoted on the Stock Exchange on the date of the Sale and Purchase Agreement;
- (ii) a premium of approximately 2.21% over the average of the closing prices for the last five consecutive trading days immediately prior to the date of the Sale and Purchase Agreement as quoted on the Stock Exchange of HK\$0.1174 per Share.

The net Acquisition Conversion Price, after deduction of relevant expenses, is approximately HK\$0.119 per Consideration CB Conversion Share.

The initial Consideration CB Conversion Price was arrived at after arm's length negotiations between the Acquisition Parties with reference to, among others, the prevailing market price of the Shares.

Denomination:

The Consideration CB shall be issued at the face value of HK\$30,000,000. Conversion, redemption or repayment of any principal amount of the Consideration CB shall be HK\$3,000,000 or a multiple thereof, and any principal amount of the Consideration CB which has been converted, redeemed or repaid shall not be reissued.

**Adjustments to the
Consideration CB
Conversion Price:**

The Consideration CB Conversion Price shall be subject to adjustment in accordance with the Consideration CB Instrument after being approved by independent accountant if, whilst any of the Consideration CB remains outstanding, any of the following events or circumstances in relation to the Shares shall occur:

- (a) if and whenever there shall be an alteration to the nominal value of the Shares as a result of consolidation, subdivision or reclassification;

- (b) if and whenever the Company shall pay or make any capital distribution (as specified pursuant to the Consideration CB Instrument) to the Shareholders;
- (c) if and whenever the Company shall issue Shares to all or substantially all Shareholders (as a class) by way of rights, or shall issue or grant to all or substantially all Shareholders (as a class) by way of rights, any options, warrants or other rights to subscribe for or purchase any Shares, in each case at less than 95% of the average of the closing price of one Share as quoted for the last 5 trading days immediately prior to such issue or grant to Shareholders is made;
- (d) if and whenever the Company shall wholly for cash (i) issue (other than as mentioned in sub-paragraph (c) above) any Shares (other than the Shares issued for the exercise of the Consideration CB Conversion Rights (as defined below) or for the exercise of any other rights of conversion into, or exchange or subscription for, Shares); or (ii) issue or grant (other than as mentioned in subparagraph (c) above) options, warrants or other rights to subscribe for or purchase Shares, in each case at a price per Share which is less than 95% of the average of the closing price of one Share as quoted for the last 5 trading days immediately prior to the date of such issue or grant;

- (e) if the Consideration CB Holder decides to make adjustment to the Consideration CB Conversion Price pursuant to any or more events not mentioned in this paragraph, the Company shall engage an independent accountant (acting as an expert) to determine a fair and reasonable adjustment method for the Consideration CB Conversion Price (if any) and adjust the effective date at its own expense, and make such adjustments with reference to such decision (save for the downward adjustment to the Consideration CB Conversion Price). If circumstances with reference to this paragraph have or will result in an adjustment to the Consideration CB Conversion Price, or the circumstances giving rise to any adjustment arise out of any other circumstances which have or will result in an adjustment to the Consideration CB Conversion Price, the Company shall make such adjustment (if any) according to the reasonable suggestion of the independent accountant regarding the expected results.

Consideration CB Conversion Shares: In the case of the Consideration CB Conversion Rights having been exercised in full, a maximum of 250,000,000 new Shares to be allotted and issued by the Company, represents:

- (i) approximately 10.11% of the existing total number of issued Share as at the date of the Sale and Purchase Agreement;
- (ii) approximately 9.18% of the total number of issued Shares as enlarged by the allotment and issue of the 250,000,000 Consideration CB Conversion Shares (assuming there is no other change in the total number of issued Shares between the date of the Sale and Purchase Agreement and the date of full conversion of the Consideration CB); and

- (iii) approximately 6.82% of the total number of issued Shares as enlarged by the allotment and issue of the 250,000,000 Consideration CB Conversion Shares, the 244,200,000 Placing Shares and the 700,000,000 Placing Conversion Shares (assuming there will be no change in the total number of issued Shares between the date of the Sale and Purchase Agreement up to the Share Placing Completion Date, the date of full conversion of the Consideration CB or the date of full conversion of the Placing CB, whichever is later).

Consideration CB Conversion Period: Subject to the satisfaction of the Profit Guarantee and the Put Option not having been exercised by the Purchaser, the period will commence from 30 June 2025 (or the subsequent Business Day if that day is not a Business Day) to the date falling on five (5) Business Days before the Consideration CB Maturity Date (both days inclusive) (the “**Consideration CB Conversion Period**”).

Consideration CB Conversion Rights: Subject to the satisfaction of all the conditions below, the Consideration CB Holder shall at any time within the Consideration CB Conversion Period whilst complying with conditions in the Consideration CB Instrument, has the right to convert the whole or any part of the principal amount of the Consideration CB (which shall be HK\$3,000,000 or a multiple thereof) into Consideration CB Conversion Shares in accordance with the Consideration CB Instrument in the manner provided therein as calculated by dividing the principal amount of the Consideration CB to be converted by the Consideration CB Conversion Price (the “**Consideration CB Conversion Rights**”):

- (a) the independent accountant confirming the Profit Guarantee having been satisfied;
- (b) the whole or part of the principal amount of the Consideration CB not having been redeemed by the Company;

- (c) the whole or part of the principal amount of the Consideration CB not having been converted by the Consideration CB Holder;
- (d) the Consideration CB Conversion Period not having expired;
- (e) the Sale and Purchase Agreement not having breached by any Acquisition Party and the Company and the Consideration CB Instrument and/or the terms of the Consideration CB not having been breached by the Company and the Consideration CB Holder;
- (f) the Vendor not having exercised (or not exercising) the Put Option even though the Profit Guarantee has not been satisfied;
- (g) the Consideration CB Instrument and the Consideration CB certificate not having been returned to the Company or its authorised representative by the Consideration CB Holder;
- (h) the full compliance with the regulatory framework under the Companies Ordinance, the SFO, the Listing Rules, the Takeovers Code and other relevant laws and regulations;
- (i) the full fulfillment of the requirements and/or conditions of the authorities/relevant departments;
and
- (j) the public float of the Company not being lower than 25% of the issued share capital of the Company.

Conversion restrictions:

Upon the exercise of the Consideration CB Conversion Rights by the Consideration CB Holder, the Company shall not issue Consideration CB Conversion Share that is less than one Share, nor shall the Company issue more than the number of Consideration CB Conversion Shares under the General Mandate. Therefore, the Company shall pay to the Consideration CB Holder in cash the equivalent amount in Hong Kong dollars of the non-convertible outstanding principal amount of the Consideration CB as compensation and the Consideration CB Holder shall not bring or continue any claim against the Company with respect to any non-convertible principal amount of the Consideration CB upon the receipt of the relevant cash compensation, provided that the Company shall have duly fulfilled and satisfied its liabilities in respect of any non-convertible outstanding principal amount of the Consideration CB.

The Consideration CB Holder shall not exercise any Consideration CB Conversion Rights, and the Company shall not be required to issue any Consideration CB Conversion Shares if any of the following situation will occur as a result of the relevant exercise of the Consideration CB Conversion Rights: (i) the Consideration CB Holder and/or parties acting in concert with it would be required by the regulatory authorities to make a mandatory general offer under the Takeovers Code for the Shares held by the Company's other Shareholders, save as all applicable regulations under the Takeovers Code has been undertaken by the Consideration CB Holder to the Company that such will be complied with upon exercising the relevant rights; and (ii) the public float of the Company to be lower than 25% of the issued share capital of the Company.

Redemption at maturity:

All Consideration CB which have not been redeemed or converted in accordance with the terms and conditions contained in the Consideration CB Instrument by the Consideration CB Maturity Date shall be redeemed by the Company on the Consideration CB Maturity Date, and at the sole discretion of the Company be decided as to either satisfying such redemption amount (which equals to the entire principal amount of the Consideration CB or such outstanding part thereof, whichever shall be appropriate) in cash, or by issuing the Consideration CB Conversion Shares, or further in the alternative, by such other mode or manner of redemption as the Company and the Consideration CB Holder may agree in writing prior to the Consideration CB Maturity Date.

Redemption prior to maturity:

Without prejudice to any terms contained in the Consideration CB Instrument, the Company may, at its sole discretion, redeem the entire principal amount of the Consideration CB (or such outstanding part thereof, whichever shall be appropriate) at any time during the period commencing on the Business Day immediately after the Consideration CB First Issue Date and ending on the Consideration CB Maturity Date (both dates inclusive) by paying such redemption amount equivalent to the entire principal amount of the Consideration CB (or such outstanding part thereof, whichever shall be appropriate) to the Consideration CB Holder.

Redemption on default:

If any of the events (“**Acquisition Events of Default**”) specified below occur, the Company shall forthwith give notice thereof to the Consideration CB Holder and the Consideration CB Holder may (without prejudice to any other rights and remedies available to the Consideration CB Holder), at its option, serve a notice for redemption to the Company in respect of the Consideration CB or any part of the principal amount of the Consideration CB (whichever is appropriate) held by it, whereupon such Consideration CB shall become immediately due and payable at a redemption amount equal to the principal amount of such Consideration CB. The relevant Acquisition Events of Default are:

- (i) the Company does not comply with any of its undertakings, warranties or representations made in accordance with the provisions in the Consideration CB Instrument (other than the undertaking of repaying the principal amount of the Consideration CB), which cannot be remedied (the notice as described below is not required in this situation) or, if capable of remedy, is not remedied within thirty (30) Business Days following the service by any Bondholder on the Company of notice requesting such default to be remedied;
- (ii) a resolution is passed or an order of a court of competent jurisdiction is made to the Company be wound up or dissolved, other than for the purposes of a consolidation, amalgamation, merger or reorganisation, which shall have previously been approved in writing by Consideration CB Holder or pursuant to and followed such resolutions;
- (iii) any actions, conditions or things required to be taken, satisfied or completed at any time (including the obtaining of any necessary consent, approval, authorisation, waiver, application, permission, order, recording or registration or giving effect thereto) for the purpose of (a) enabling the Company lawfully to enjoy, exercise its rights and, perform and comply with its obligations under the Consideration CB or the Consideration CB Instrument, (b) ensuring that those obligations are legally binding and enforceable, and (c) procuring the Consideration CB or the Consideration CB Instrument be admissible as evidence in the courts of Hong Kong, is not taken, satisfied or completed within the prescribed time; or
- (iv) any event occurring which has a similar effect to any of the events referred to the above sub-paragraphs (i) to (iii).

- Ranking:** Pursuant to the Consideration CB Instrument, the Consideration CB Conversion Shares issued upon exercise of the Consideration CB Conversion Rights shall rank *pari passu* in all respects with all other existing Shares outstanding prior to the Consideration CB Conversion Date and all the rights of Consideration CB Conversion Shares shall include rights to participate in all dividends, and all other distributions after the record date or the Consideration CB Conversion Date.
- Transferability:** The Consideration CB shall be held by the Consideration CB Holder from the Consideration CB First Issue Date to the Consideration CB Maturity Date, and it may not be transferred to any third party other than the Purchaser and/or the Company, and the Vendor shall not attach any encumbrances to the Consideration CB, except that where the bond certificates of the Consideration CB and the Consideration CB Instrument have been returned to the Company or its nominee by the Vendor in accordance with the Consideration CB Instrument, the Vendor shall not be subject to such restriction.
- Status:** The obligations of the Company arising under the Consideration CB constitute general, unsecured and unsubordinated obligations of the Company and rank equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable law.
- Application for listing:** No application will be made for the listing of the Consideration CB on the Stock Exchange or any other stock exchange. The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration CB Conversion Shares.

INFORMATION ON THE VENDOR

The Vendor is a company incorporated in the PRC with limited liability and is principally engaged in provision of services in capital market. As at the date of the Sale and Purchase Agreement, the Vendor is wholly-owned by Beijing Zhongyuan Dehe New Energy Technology Development Co., Ltd.* (北京中源德合新能源科技發展有限公司) (“**Beijing Zhongyuan**”). Beijing Zhongyuan is owned as to (i) 60% by Mr. Liu Ximing* (劉希明); (ii) 30% owned by Mr. Zhao Jing* (趙靜); and (iii) 10% owned by Mr. Wei Zhongliang* (魏中良).

INFORMATION ON THE PURCHASER

The Purchaser is a company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

INFORMATION ON THE TARGET COMPANY

The Target Company is a company incorporated on 25 April 2007 in the PRC with limited liability, and has been a wholly-owned subsidiary of the Vendor since 2015. As at the date of the Sale and Purchase Agreement, the Target Company is wholly and beneficially owned by the Vendor and the Target Company is a wholly-owned subsidiary of the Vendor (the “**Initial Shareholding Structure**”). The Vendor is wholly-owned by Beijing Zhongyuan. Beijing Zhongyuan is owned as to (i) 60% by Mr. Liu Ximing* (劉希明); (ii) 30% owned by Mr. Zhao Jing* (趙靜); and (iii) 10% owned by Mr. Wei Zhongliang* (魏中良). The Target Company is principally engaged in sales of civil and industrial natural gas, natural gas pipelines, installation and maintenance of plumbing and gas equipment, and sales of gas equipment and appliances.

The summary of the unaudited financial information of the Target Company for the years ended 31 December 2021 and 2022 is set out as follows:

	For the year ended	
	31 December	
	2021	2022
	<i>RMB</i>	<i>RMB</i>
Revenue	33,079,245	62,316,741
Profit/(loss) before taxation	523,761	(850,312)
Profit/(loss) after taxation	523,761	(850,312)

The unaudited net asset value of the Target Company as at 31 December 2021 and 31 December 2022 were approximately RMB22,289,332 (equivalent to approximately HK\$24,227,535) and RMB21,439,020 (equivalent to approximately HK\$23,303,283) respectively according to the unaudited balance sheet as at 31 December 2021 and 31 December 2022.

REASONS FOR AND BENEFITS OF THE ACQUISITION AND USE OF PROCEEDS

The Target Company is principally engaged in sales of civil and industrial natural gas, natural gas pipelines, installation and maintenance of plumbing and gas equipment, and sales of gas equipment and appliances. Based on the unaudited financial statements of the Target Company, it recorded the revenue of RMB33,079,245 and RMB62,316,741 for the years ended 31 December 2021 and 2022 respectively. The gross profit margin for the respective years were approximately 29.8% and 13.2% and the net asset value of the Target Company was RMB21,439,020 as at 31 December 2022.

In accordance with the terms of the Sale and Purchase Agreement, the Vendor provided the Profit Guarantee, representing the PE ratio of approximately 6.25. The Company has benchmarked this against listed companies with similar businesses in Hong Kong and the PRC, where the PE ratios of these companies ranged from 4.17 to 64.51 and the median is approximately 13.27. The PE ratio of the Profit Guarantee of the Target Company falls within the range and is close to the lower end of the range.

The Acquisition also serves as an opportunity for the Company to diversify its investment portfolio. The investment strategy of the Company is not only in the listed securities in Hong Kong but also by way of direct investment in different business sectors.

The Company has also evaluated the growth prospect of the Target Company. In 2007, the Target Company entered into the “Zhanhua County Gas Pipeline Franchise Operation Agreement” with the Zhanhua County People’s Government, with an operating period of 50 years. According to the information provided by the Vendor, the Target Company currently has over 110 kilometers of medium-pressure pipelines, covering both the new and old urban areas as well as the economic development zones. Contracts with PetroChina, Sinopec, and CNOOC have been established to ensure the stability of gas supply.

Zhanhua District is located in the northeastern part of Shandong Province of the PRC. With the economic development of Zhanhua District, the advantages of natural gas as a clean energy source will become increasingly prominent. The environmental protection policies in China, including initiatives towards carbon neutrality, have created significant business opportunities for the Target Company. Specifically, the shift from traditional coal-fired heating systems to gas heating systems presents the company with a promising avenue for business development. The Company is of the view that it provides the Target Company with the chance to capitalize on natural gas energy substitution initiatives and further its growth in the market.

In addition, the Consideration is by way of issue of the Consideration CB which will not bring to immediate cash outflow from the Group. The inclusion of mechanisms such as the Profit Guarantee and Put Option offers an exit strategy for the Company should the financial performance fall short of expectations.

In view of the reasons set out as above, the Company is of the view that the Acquisition and the terms and conditions under the Sale and Purchase Agreement are fair and reasonable and in the best interest of the Company and the Shareholders as a whole.

(III) THE CB PLACING

On 22 February 2024 (after trading hours), the Company entered into the CB Placing Agreement with the Placing Agent, pursuant to which the Company proposed to offer for subscription, and the Placing Agent agreed to procure subscriptions for the Placing CB on a best effort basis on the terms and subject to the conditions set out in the CB Placing Agreement. The Placing Agent shall procure not less than six (6) CB Placees to subscribe for the Placing CB in the aggregate principal amount of up to HK\$84,000,000 during the CB Placing Period.

THE CB PLACING AGREEMENT

Date

22 February 2024 (after trading hours)

Issuer

The Company

Placing Agent

VC Brokerage Limited, a wholly-owned subsidiary of the Company (each a “**CB Placing Party**” and collectively, the “**CB Placing Parties**”)

CB Placees

The Placing Agent will act as agent for the Company to procure not less than six (6) CB Placees to subscribe for the Placing CB on terms and conditions set out in the CB Placing Agreement on a best effort basis. The CB Placee(s) shall be any investor who is either a professional or institutional investor or other investors selected and procured by or on behalf of the Placing Agent as contemplated by the CB Placing Agreement and is independent as referred in the next paragraph below, procured by the Placing Agent to subscribe for any of the Placing CB pursuant to the Placing Agent’s obligations under the CB Placing Agreement.

The Placing Agent shall, and shall procure its sub-placing agent (if applicable and any) to, use its reasonable endeavours to ensure that all the CB Placees and their ultimate beneficial owners (a) shall be independent of and not connected with the Company (and its subsidiaries), its connected person(s) and their respective associate(s); (b) shall be independent of and not be parties acting in concert with any persons, other CB Placee(s) or Shareholders to the effect that any CB Placing to such CB Placee(s) shall not trigger any mandatory offer obligation under Rule 26.1 of the Takeovers Code; and (c) shall be regarded as public (within the meaning as defined under Rule 8.24 of the Listing Rules).

Conditions precedent to the CB Placing Agreement

CB Placing Closing is conditional upon:

- (a) the Listing Committee having granted approval for the listing of, and permission to deal in, the Placing Conversion Shares on the Stock Exchange and the approval not having been subsequently revoked or cancelled;
- (b) if required, the Company having obtained the necessary consent, approval, authorisation, permission, or confirmation for the consummation of the transactions contemplated under the CB Placing Agreement from any third party to which the Company or its subsidiaries have entered into any agreement or arrangement;
- (c) the Specific Mandate having been granted to the Board; and
- (d) the Company's representations and warranties made pursuant to the CB Placing Agreement being true and accurate and not misleading as of the date of the CB Placing Agreement and the CB Placing Closing Date.

The conditions precedent (a) to (c) above cannot be waived by any CB Placing Party. The Placing Agent may at any time unilaterally waive the condition precedent (d) above. The Company shall use all its reasonable endeavours to procure the satisfaction of the conditions precedent as set out above, but if the conditions precedent shall not have been so satisfied (or, where applicable, waived) by the CB Placing Long Stop Date or any of the force majeure event set out in the section headed "**Force majeure to the CB Placing Agreement**" below shall have occurred, subject to terms in relation to failure to complete or lapse or termination of the CB Placing as set out in the CB Placing Agreement, all obligations of the Placing Agent and of the Company under the CB Placing Agreement shall cease and determine and none of the CB Placing Parties shall have any claim against the other in relation thereto save for any antecedent breach of any obligations under the CB Placing Agreement and without prejudice to the accrued rights and liabilities of the CB Placing Parties.

Force majeure to the CB Placing Agreement

If at any time between the date of the CB Placing Agreement and the CB Placing Closing Date, there occurs:

- (a) the introduction of any new legislations or regulation or any change in existing legislations or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company;

- (b) the occurrence of any local, national or international event or change occurring after the date of the CB Placing Agreement of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company or adversely prejudices the success of the CB Placing (such success being the completion of the placing of the Placing CB to potential investor(s)) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the CB Placing;
- (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs after the date of the CB Placing Agreement which materially and adversely affects the success of the CB Placing (such success being the completion of the placing of the Placing CB to potential investor(s)) or otherwise in the reasonable opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the CB Placing;
- (d) the Company commits any material breach of or omits to observe any of its obligations or undertakings under the CB Placing Agreement; or
- (e) any of the representations or warranties contained in the CB Placing Agreement was, when given or deemed to be repeated under the CB Placing Agreement, untrue or inaccurate in any material respect or would in any material respect be untrue or inaccurate, or if repeated the Placing Agent shall determine in its reasonable opinion that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Company or will otherwise likely to have a material prejudicial effect on the CB Placing,

then the Placing Agent may upon giving notice to the Company terminate the CB Placing Agreement with immediate effect. If the CB Placing Agreement shall be terminated pursuant to the abovementioned force majeure, the obligations of the Placing Agent shall cease and the Company shall not be liable to pay any commission under certain provisions of the CB Placing Agreement, and other provisions of the CB Placing Agreement (other than certain provisions as set out in the CB Placing Agreement and all other provisions necessary for the interpretation or enforcement of such provisions and without prejudice to the accrued rights and liabilities of the CB Placing Parties) shall forthwith cease and determine and no CB Placing Party shall, save as provided in the abovementioned force majeure, have any claim against the other CB Placing Party for compensation, costs, damages or otherwise.

CB Placing Closing

Subject to the fulfilment of the conditions precedent to the CB Placing Agreement, the CB Placing Closing shall take place on the CB Placing Closing Date in accordance with the completion mechanics as set out in the CB Placing Agreement.

CB Placing commission

Provided that the CB Placing Closing occurs in accordance with the terms and conditions of the CB Placing Agreement, a commission, in Hong Kong dollars, of 3% of the amount equal to the principal amount of the Placing CB for which the Placing Agent has successfully procured subscribers for the Placing CB.

Specific Mandate

The issue of the Placing Conversion Shares is subject to the Shareholders' approval. The Placing Conversion Shares will be allotted and issued pursuant to the Specific Mandate to be sought from the Shareholders at the EGM.

PRINCIPAL TERMS OF THE PLACING CB

Set out below are the principal terms of the Placing CB:

Issuer:	The Company
Principal amount:	Up to HK\$84,000,000
Maturity date:	The date which falls on the third anniversary of the Placing CB First Issue Date (the " Placing CB Maturity Date ").
Interest:	The Placing CB shall not bear any interest whatsoever.
Placing Conversion Price:	The initial Placing Conversion Price shall be HK\$0.12 per Placing Conversion Share, subject to adjustment(s) upon occurrence of certain events as summarised in the paragraph headed " Adjustments to the Placing Conversion Price " below.

The initial Placing Conversion Price represents:

- (i) a premium of approximately 1.69% over the closing price of HK\$0.118 per Share as quoted on the Stock Exchange on the date of the CB Placing Agreement;

- (ii) a premium of approximately 2.21% over the average of the closing prices for the last five consecutive trading days immediately prior to the date of the CB Placing Agreement as quoted on the Stock Exchange of HK\$0.1174 per Share.

The net Placing Conversion Price, after deduction of relevant expenses, is approximately HK\$0.116 per Placing Conversion Share.

The initial Placing Conversion Price was arrived at after arm's length negotiations between the CB Placing Parties with reference to, among others, the prevailing market price of the Shares.

Adjustments to the Placing Conversion Price:

The Placing Conversion Price shall from time to time be subject to adjustment in accordance with the Placing CB Instrument if, whilst any of the Placing CB remains outstanding, any of the following events or circumstances in relation to the Shares shall occur:

- (i) if and whenever there shall be an alteration to the value of the Shares as a result of consolidation or subdivision;
- (ii) if and whenever the Company shall issue any Shares credited as fully paid to the Shareholders by way of capitalisation of profits or reserves (including any share premium account and/or capital redemption reserve), other than Shares issued *in lieu* of the whole or a part of a cash dividend and other than an issue that would amount to capital distribution (as defined in the Placing CB Instrument);
- (iii) if and whenever the Company shall pay or make any capital distribution (as defined in the Placing CB Instrument) to the Shareholders;

- (iv) if and whenever the Company shall issue Shares to all or substantially all Shareholders as a class by way of rights, or shall issue or grant to all or substantially all Shareholders as a class, by way of rights, any options, warrants or other rights to subscribe for or purchase any Shares, in each case at less than 95% of the fair market value of one Share, as determined in good faith by the independent accountant or financial advisor acting as an expert, on the day immediately preceding the date on which such issue or grant to Shareholders is made;
- (v) if and whenever the Company shall (a) issue any securities (other than Shares or options, warrants or other rights to subscribe for or purchase Shares) to all or substantially all Shareholders as a class by way of rights; or (b) grant to all or substantially all Shareholders as a class by way of rights any options, warrants or other rights to subscribe for or purchase any securities (other than Shares or options, warrants or other rights to subscribe for or purchase Shares);
- (vi) if and whenever the Company shall wholly for cash (a) issue (otherwise than as mentioned in sub-paragraph (iv) above) any Shares (other than Shares issued on the exercise of Placing Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Shares); or (b) issues or grants (otherwise than as mentioned in sub-paragraph (iv) above) options, warrants or other rights to subscribe for or purchase Shares, in each case at a price per Share which is less than 95% of the fair market value of one Share, as determined in good faith by the independent accountant or financial advisor acting as an expert, on the day immediately preceding the date of such issue or grant;

- (vii) save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within the provisions of this sub-paragraph, if and whenever the Company or any subsidiary (otherwise than as mentioned in sub-paragraphs (iv), (v) or (vi) above), or (at the direction or request of or pursuant to any arrangements with the Company or any subsidiary) any other company, person or entity, shall issue wholly for cash any securities (other than the Placing CB) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Company upon conversion, exchange or subscription, at a consideration per Share which is less than 95% of the fair market value of one Share, as determined in good faith by the independent accountant or financial advisor acting as an expert, on the day immediately preceding the date of the issue of such securities;

- (viii) if and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in sub-paragraph (vii) above (other than in accordance with the terms applicable to such securities) so that the consideration per Share receivable by the Company is less than 95% of the fair market value of one Share, as determined in good faith by the independent accountant or financial advisor acting as an expert, on the day immediately preceding the date of such modification;

- (ix) if and whenever the Company or any subsidiary or (at the direction or request of or pursuant to any arrangements with the Company or any subsidiary) any other company, person or entity issues, sells or distributes any securities in connection with an offer pursuant to which Shareholders generally (meaning for these purposes the holders of at least 60% of the Shares outstanding at the time such offer is made) are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Placing Conversion Price falls to be adjusted under sub-paragraphs (iv) to (vii) above)

Placing Conversion Shares: In the case of the Placing Conversion Rights having been exercised in full, a maximum of 700,000,000 Placing Conversion Shares to be allotted and issued by the Company represents:

- (i) approximately 28.30% of the existing total number of issued Shares as at the date of the CB Placing Agreement;
- (ii) approximately 22.06% of the total number of issued Shares as enlarged by the allotment and issue of the 700,000,000 Placing Conversion Shares (assuming there will be no change in the total number of issued Shares between the date of the CB Placing Agreement up to the date of full conversion of the Placing CB); and
- (iii) approximately 19.09% of the total number of issued Shares as enlarged by the allotment and issue of the 244,200,000 Placing Shares, the 250,000,000 Consideration CB Conversion Shares and the 700,000,000 Placing Conversion Shares (assuming there will be no change in the total number of issued Shares between the date of the CB Placing Agreement up to the date of the Share Placing Completion Date, the date of full conversion of the Consideration CB or the date of full conversion of the Placing CB, whichever is later).

Placing CB Conversion period:

The period commencing from the Placing CB First Issue Date and ending on the date which falls on the fifth Business Day before Placing CB Maturity Date (both days inclusive), provided that if the Company fails to redeem the Placing CB on the Placing CB redemption date in accordance with the terms Placing CB Instrument, the period shall continue until redemption in full occurs (the “**Placing CB Conversion Period**”).

Placing Conversion rights:

Each Placing Bondholder shall have the right, exercisable during the Placing CB Conversion Period in the manner provided in the Placing CB Instrument, to convert the whole or any part (subject to the Placing CB Instrument, in multiples of HK\$300,000) of the outstanding principal amount of the Placing CB held by such Placing Bondholder into such number of Shares as will be determined by dividing the principal amount of the Placing CB to be converted by the Placing Conversion Price in effect on the Placing CB Conversion Date.

Conversion restrictions:

A Placing Bondholder shall not exercise any Placing Conversion Rights if, as a result of such exercise, it will cause the public float of the Company to be unable to meet the relevant requirements under the Listing Rules.

A Placing Bondholder shall not exercise any Placing Conversion Rights, and the Company shall not be required to issue any Placing Conversion Shares, if, as a result of the relevant exercise of the Placing Conversion Rights, the Placing Bondholder and/or parties acting in concert with it would be required to make a mandatory general offer under Rule 26 of the Takeovers Code for the Shares held by the Company’s other Shareholders (collectively, the “**Conversion Restrictions**”).

Redemption at maturity:

All Placing CB which have not been redeemed or converted in accordance with the terms and conditions contained in the Placing CB Instrument by the Placing CB Maturity Date, shall be redeemed by the Company on the Placing CB Maturity Date at a redemption amount equal to 100% of the principal amount of such Placing CB.

Redemption prior to maturity:

Without prejudice to any other conditions as contained in the Placing CB Instrument, the Company (but not any Placing Bondholder) shall have the option to redeem the entire principal amount of the Placing CB (or such outstanding part thereof, whichever shall be appropriate) prior to maturity, which option may be exercised by the Company during the Placing CB Conversion Period, and upon the Company's exercising the option, it shall pay to the Placing Bondholder an amount equivalent to the principal amount of the Placing CB (or such outstanding part thereof, whichever shall be appropriate) together with all interest accrued thereon up to and including the relevant Placing CB redemption date.

Redemption on default:

If any of the events (the "**Placing Event(s) of Default**") specified in the Placing CB Instrument occur, the Company shall forthwith give notice thereof to the Placing Bondholders and each Placing Bondholder may (without prejudice to any other rights and remedies available to the Placing Bondholders), at its option, opt to convert their Placing CB in its entirety or, alternatively, give a notice to the Company in respect of part or all of the Placing CB held by it, whereupon such Placing CB shall become immediately due and payable at a redemption amount equal to 100% of the principal amount of such Placing CB. For any avoidance of doubt, there shall not be any redemption by any Placing Bondholders prior to the Placing CB Maturity Date unless a Placing Event of Default occurs.

Ranking:

The Shares issued upon conversion of the Placing CB will in all respects rank *pari passu* with the Shares in issue on the relevant registration date. Save as set out in the Placing CB Instrument, a holder of Shares issued on conversion of Placing CB shall not be entitled to any rights which precede the relevant registration date.

Transferability: Subject to compliance with the Listing Rules and regulatory requirements, the Placing CB may (subject to the Placing CB Instrument) be transferred to any person provided that where the Placing CB(s) is/are intended to be transferred to a connected person (as defined in the Listing Rules) (other than the associates of the Placing Bondholder), such transfer shall comply with the requirements under the Listing Rules and/or requirements imposed by the Stock Exchange, if any.

Any transfer of the Placing CB shall be in respect of the whole or any part (subject to the Placing CB Instrument, in multiples of HK\$300,000) of the outstanding principal amount of the Placing CB.

Status: The obligations of the Company arising under the Placing CB constitute general, unsecured and unsubordinated obligations of the Company and rank equally among themselves and *pari passu* with all other present and future unsecured and unsubordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable law.

Application for listing: No application shall be made to the Stock Exchange for the listing of the Placing CB. The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Conversion Shares.

REASONS FOR AND BENEFITS OF THE CB PLACING AND USE OF PROCEEDS

The Group's expertise includes (i) provision of financial services comprising securities, options brokering and dealing, financing services, corporate finance and other advisory services, asset management and insurance brokerage; (ii) proprietary trading; and (iii) sale and marketing of digital assets.

Assuming all the Placing CB are successfully placed by the Placing Agent, the maximum gross proceeds from the CB Placing will be HK\$84.0 million. The maximum net proceeds from the CB Placing (after deducting the commission payable to the Placing Agent, professional fees and other related costs and expenses incurred in the CB Placing) will be approximately HK\$81.4 million which will be used for (i) general working capital including but not limited to rental expenses, salary expenses and other office overhead of approximately HK\$11.4 million; (ii) brokerage business of approximately HK\$30.0 million; (iii) repayment of liabilities of approximately HK\$10.0 million; and (iv) potential investment in the future when opportunities arise of approximately HK\$30.0 million.

The Directors are of the view that (i) the CB Placing Agreement are entered into upon normal commercial terms following arm's length negotiations between the Placing CB Parties; (ii) the CB Placing will enlarge the shareholder base and capital base of the Company if the Placing Bondholders choose to convert the Placing CB into the Placing Conversion Shares; (iii) the net proceeds from the CB Placing will strengthen the cash position of the Company for its business operation and development; and (iv) the CB Placing will not have an immediate dilution effect on the shareholding of the existing Shareholders.

In view of the above, the Directors consider that the terms of the CB Placing Agreement (including the Placing Conversion Price and placing commission) are fair and reasonable and the CB Placing is in the interests of the Company and the Shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Date of announcements	Fund raising activity	Net proceeds	Intended use of the net proceeds	Actual use of the net proceeds
25 September 2023 and 19 January 2024	Placing of convertible bonds under general mandate	Nil	(i) general working capital including but not limited to rental and salary expenses and other office overhead; (ii) brokerage business; and (iii) potential investment in the future when opportunities arise.	The placing agreement was lapsed as announced by the Company on 19 January 2024.
21 February 2023 and 14 March 2023	Placing of new Shares under general mandate	Approximately HK\$35.2 million	(i) general working capital including but not limited to rental and salary expenses of approximately HK\$20.2 million; and (ii) potential investments when opportunities arise of approximately HK\$15.0 million.	(i) used as intended (ii) used as intended.

Save as disclosed above, the Company has not conducted any other equity fund raising activities in the 12 months prior to the date of this announcement.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The table below illustrates the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately upon the allotment and issue of the Placing Shares only (assuming the Placing Shares are placed in full and there will be no change in the total number of issued Shares between the date of this announcement up to the Share Placing Completion Date); (iii) immediately upon full conversion of the Consideration CB only (assuming there will be no change in the total number of issued Shares between the date of this announcement up to the date of full conversion of the Consideration CB); (iv) immediately upon full conversion of the Placing CB only (assuming the Placing CB are placed in full and there will be no change in the total number of issued Shares between the date of this announcement up to the date of full conversion of the Placing CB); and (v) immediately upon (a) the allotment and issue of the Placing Shares; (b) full conversion of the Consideration CB; and (c) full conversion of the Placing CB (assuming the Placing Shares and the Placing CB are placed in full and there will be no change in the total number of issued Shares between the date of this announcement up to the Share Placing Completion Date, the date of full conversion of the Consideration CB or the date of full conversion of the Placing CB, whichever is later):

	(i) as at the date of this announcement		(ii) immediately upon the allotment and issue of the Placing Shares only (assuming the Placing Shares are placed in full and there will be no change in the total number of issued Shares between the date of this announcement up to the Share Placing Completion Date)		(iii) immediately upon full conversion of the Consideration CB (assuming there will be no change in the total number of issued Shares between the date of this announcement up to the date of full conversion of the Consideration CB)		(iv) immediately upon full conversion of the Placing CB (assuming the Placing CB were placed in full and there will be no change in the total number of issued Shares between the date of this announcement up to the date of full conversion of the Placing CB)		(v) immediately upon (a) the allotment and issue of the Placing Shares; (b) full conversion of the Consideration CB; and (c) full conversion of the Placing CB (assuming the Placing Shares and the Placing CB are placed in full and there will be no change in the total number of issued Shares between the date of this announcement up to the Share Placing Completion Date, the date of full conversion of the Consideration CB or the date of full conversion of the Placing CB, whichever is later)	
	Number of Shares	Approximate	Number of Shares	Approximate	Number of Shares	Approximate	Number of Shares	Approximate	Number of Shares	Approximate
Directors										
Mr. Wong Chung Kin, Quentin	500,000	0.02%	500,000	0.02%	500,000	0.02%	500,000	0.02%	500,000	0.01%
Mr. Fu Yiu Man, Peter	20,000,000	0.81%	20,000,000	0.74%	20,000,000	0.73%	20,000,000	0.63%	20,000,000	0.55%
Substantial Shareholder										
Mr. Chung Chi Shing, Eric	360,664,000	14.58%	360,664,000	13.27%	360,664,000	13.24%	360,664,000	11.36%	360,664,000	9.83%
The Share Placees	-	-	244,200,000	8.99%	-	-	-	-	244,200,000	6.66%
The Vendor	-	-	-	-	250,000,000	9.18%	-	-	250,000,000	6.82%
The CB Placees	-	-	-	-	-	-	700,000,000	22.06%	700,000,000	19.09%
Other public Shareholders	2,092,359,040	84.59%	2,092,359,040	76.98%	2,092,359,040	76.83%	2,092,359,040	65.93%	2,092,359,040	57.04%
Total	<u>2,473,523,040</u>	<u>100%</u>	<u>2,717,723,040</u>	<u>100%</u>	<u>2,723,523,040</u>	<u>100%</u>	<u>3,173,523,040</u>	<u>100%</u>	<u>3,667,723,040</u>	<u>100%</u>

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition exceed 5% but are all less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under the Listing Rules.

GENERAL

The EGM will be convened and held for the purpose of considering and, if thought fit, approving the CB Placing Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate by way of poll. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries as at the date of the CB Placing Agreement, no Shareholder has a material interest in the CB Placing Agreement and the transactions contemplated thereunder and therefore no Shareholder will be required to abstain from voting at the EGM to approve the relevant resolution regarding the CB Placing and the Specific Mandate.

A circular containing further details of the CB Placing Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) and a notice convening the EGM, will be despatched to the Shareholders in due course.

Shareholders and potential investors of the Company should note that the Share Placing Completion, the Acquisition Completion and the CB Placing Closing are subject to the fulfilment of the conditions precedent under the Share Placing Agreement, the Sale and Purchase Agreement and the CB Placing Agreement respectively. As the Share Placing Completion, the Acquisition Completion and the CB Placing Closing may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“Acquisition”	the acquisition of the Sale Interest of the Target Company
“Acquisition Completion”	the completion of the Acquisition pursuant to the Sale and Purchase Agreement

“Acquisition Completion Date”	the fifth Business Day following the date on which all conditions precedent to the Sale and Purchase Agreement have been satisfied (or waived) or such other date as the Acquisition Parties may agree in writing
“Acquisition Long Stop Date”	28 June 2024
“acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (other than a Saturday, Sunday or public holiday or a day on which a typhoon signal no. 8 or above or black rainstorm signal is hoisted or the Extreme Conditions is announced in Hong Kong between 9:00 a.m. to 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CB Placee(s)”	any investor who is either a professional or institutional investor or other investors selected and procured by or on behalf of the Placing Agent as contemplated by the CB Placing Agreement and is independent as referred to in the CB Placing Agreement, procured by the Placing Agent to subscribe for any of the Placing CB pursuant to the Placing Agent’s obligations hereunder
“CB Placing”	the proposed placing of the Placing CB on the terms and subject to the conditions set out in the CB Placing Agreement
“CB Placing Agreement”	the placing agreement dated 22 February 2024 as supplemented, revised or amended from time to time in writing by the CB Placing Parties entered into between the Company and the Placing Agent in relation to the CB Placing
“CB Placing Closing”	the completion of the CB Placing

“CB Placing Closing Date”	any Business Day within a period of five (5) Business Days following the date on which the conditions precedent are fulfilled or, if applicable, waived (or such later date as the CB Placing Parties may agree)
“CB Placing Long Stop Date”	14 June 2024 (or such later date as may be agreed by the CB Placing Parties in writing)
“CB Placing Period”	the one-month period commencing on the Business Day immediately after the granting of the Specific Mandate, or such longer period of time as the CB Placing Parties may otherwise agree in writing, unless terminated earlier pursuant to the terms of the CB Placing Agreement
“Company”	Value Convergence Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	shall have the meaning ascribed thereto in the Listing Rules
“Consideration”	the consideration for the Acquisition of HK\$30,000,000
“Consideration CB”	the 2-year zero-coupon convertible bonds in the principal amount of HK\$30,000,000 issued by the Company to the Vendor pursuant to the Sale and Purchase Agreement and the Consideration CB Instrument for setting off the Consideration of HK\$30,000,000
“Consideration CB Conversion Date”	the date on which the Company receives the notice of conversion formally written and signed by the Consideration CB Holder in the manner as contained in the Consideration CB Instrument, which shall be any Business Day within the Consideration CB Conversion Period
“Consideration CB Conversion Price”	HK\$0.12 per Consideration CB Conversion Share

“Consideration CB Conversion Share(s)”	250,000,000 new Shares to be allotted and issued upon the exercise of the Consideration CB Conversion Rights attaching to the Consideration CB at the Consideration CB Conversion Price under the General Mandate, (if any)
“Consideration CB First Issue Date”	the initial issue date of the Consideration CB pursuant to the Consideration CB Instrument
“Consideration CB Holder” or “Vendor”	Beijing Zhonglu Longxiang Investment Co., Ltd.* (北京中魯龍翔投資有限公司), a company incorporated in the PRC with limited liability
“Consideration CB Instrument”	the bond instrument constituting the issue of the Consideration CB by the Company
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company
“Extreme Conditions”	the extreme conditions as announced by any Hong Kong Government department or body or otherwise, whether or not under or pursuant to the revised “Code of Practice in Times of Typhoons and Rainstorms” issued by the Labour Department in June 2019 in the event of serious disruption of public transport services or government services, extensive flooding, major landslides or large-scale power outage after typhoons or incidents similar in seriousness or nature
“General Mandate”	the general mandate granted by the Shareholders to the Directors to allot, issue and deal with not more than 494,204,608 new Shares at the annual general meeting of the Company held on 31 May 2023
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Committee”	the listing committee appointed by the Stock Exchange for considering applications for listing and approving the listing of and dealing with securities on the Stock Exchange

“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“Placing Agent”	VC Brokerage Limited, a wholly-owned subsidiary of the Company and a licensed corporation by the SFC to carry out and conduct type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under and pursuant to the SFO
“Placing Bondholder(s)”	the person(s) who for the time being is the holder of the Placing CB with the benefit of and subject to the provisions of the Placing CB Instrument
“Placing CB”	up to HK\$84,000,000 3-year zero coupon unsecured non-redeemable convertible bonds to be issued by the Company in denomination of HK\$300,000 each with the benefit of and subject to the provisions of the Placing CB Instrument
“Placing CB Conversion Date”	the date on which the Company receives or is deemed to have received a duly completed and executed conversion notice together with the bond certificate(s) to be issued by the Company pursuant to the Placing CB Instrument for the Placing CB being converted by a Placing Bondholder pursuant to the Placing CB Instrument or, insofar as is appropriate, the date on which it is automatically triggered under and pursuant to any agreement for or in relation to any subscription of the Placing CB
“Placing CB First Issue Date”	the initial date of issue of the Placing CB under and pursuant to the Placing CB Instrument
“Placing CB Instrument”	the instrument constituting the Placing CB to be executed by the Company as a deed
“Placing Conversion Price”	HK\$0.12 per Placing Conversion Share, subject to adjustments as summarised in the paragraph headed “ Adjustments to the Placing Conversion Price ” in this announcement
“Placing Conversion Rights”	the rights pursuant to the Placing CB Instrument attaching to each Placing CB to convert the principal amount or a part thereof into Shares

“Placing Conversion Share(s)”	the Shares to be issued by the Company upon exercise by the Placing Bondholder(s) of the Placing Conversion Rights
“Placing Share(s)”	up to 244,200,000 new Shares to be allotted and issued by the Company under the General Mandate and pursuant to the Share Placing Agreement on the Share Placing Completion Date, and the Placing Shares shall rank <i>pari passu</i> in all respects with the existing Shares then in issue
“PRC”	the People’s Republic of China
“Purchaser”	Astral Wealth Limited, an indirect wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 22 February 2024 as modified, amended, supplemented or revised from time to time entered into among the Purchaser, the Vendor and the Company in relation to the Acquisition
“Sale Interest”	the 24% equity interest in the Target Company sold by the Vendor to the Purchaser pursuant to the Sale and Purchase Agreement
“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)”	the ordinary shares in the Company
“Shareholder(s)”	holder(s) of the Shares from time to time
“Share Closing Date”	any Business Day not later than 15 March 2024, being the date on which all the conditions precedent of the Share Placing Agreement have been satisfied or fulfilled, though the Parties may agree in writing to have the Share Closing Date postponed to a subsequent Business Day

“Share Placee(s)”	any investor who is an individual, institutional or professional investor selected and/or procured by or on behalf of the Placing Agent as contemplated by the Share Placing Agreement and is (i) independent of the Company (and the Group), its connected person(s) and their respective associate(s), and (ii) independent of and not parties acting in concert with any persons, other Share Placee(s) or Shareholders to the effect that any Share Placing to such investor shall not trigger any mandatory offer obligation under Rule 26.1 of the Takeovers Code, procured by the Placing Agent to subscribe for the Placing Shares pursuant to the Placing Agent’s obligations under the Share Placing Agreement
“Share Placing”	the placing of the Placing Shares under and in accordance with the Share Placing Agreement
“Share Placing Agreement”	the placing agreement entered into between the Company and the Placing Agent dated 22 February 2024 in respect of the Share Placing
“Share Placing Completion”	the overall completion of the Share Placing, which shall take place on the Share Placing Completion Date
“Share Placing Completion Date”	the date of Share Placing Completion, which shall be any Business Day falling within five Business Days after the Share Closing Date
“Share Placing Period”	the period commencing forthwith upon the execution of the Share Placing Agreement and expiring on 8 March 2024 or such later date as the Share Placing Parties may agree in writing
“Share Placing Price”	HK\$0.12 per Placing Share
“Specific Mandate”	the specific mandate granted to the Board to allot, issue and deal with the Placing Conversion Shares at the relevant extraordinary general meeting of the Company to be convened by the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC

“Target Company”	Zhanhua Jiutai Gas Co., Ltd.* (沾化久泰燃氣有限公司)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board of
Value Convergence Holdings Limited
Fu Yiu Man, Peter
Chairman & Executive Director

Hong Kong, 22 February 2024

As at the date of this announcement, the Board comprises five executive Directors, namely, Mr. Fu Yiu Man, Peter (Chairman), Mr. Wong Kam Fat, Tony (Vice chairman), Mr. Lin Hoi Kwong, Aristo, Ms. Li Cindy Chen and Mr. Zhang Nu; and three independent non-executive Directors, namely, Mr. Wong Chung Kin, Quentin, Mr. Siu Miu Man, Simon, MH and Mr. Au Tin Fung, Edmund.

* For identification purpose only