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Zijing International Financial Holdings Limited

紫荊國際金融控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8340)

**I. PROPOSED RIGHTS ISSUE ON THE BASIS OF
FIVE (5) RIGHTS SHARES FOR EVERY ONE (1) EXISTING SHARE
HELD ON THE RECORD DATE;**

AND

II. PROPOSED CHANGE IN BOARD LOT SIZE

Placing Agent to the Company



PROPOSED RIGHTS ISSUE

The Company proposes to raise gross proceeds of up to approximately HK\$53.8 million (assuming full subscription under the Rights Issue) by issuing up to 448,000,000 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) by way of Rights Issue at the Subscription Price of HK\$0.120 per Rights Share on the basis of five (5) Rights Shares for every one (1) existing Share held by the Qualifying Shareholders at the close of business on the Record Date.

Assuming there will be no change in the number of Shares in issue on or before the Record Date and full subscription of the Rights Issue, the maximum net proceeds from the Rights Issue (after deducting the estimated expenses of approximately HK\$1.0 million) is expected to be approximately HK\$52.8 million. Details of the use of proceeds are set out in the section headed “Reasons for and benefits of the Rights Issue and the use of proceeds” in this announcement. The net price per Rights Share after deducting the relating expenses of the Rights Issue will be approximately HK\$0.118. The Company intends to apply the net proceeds from the Rights Issue as to (i) approximately 56.8% (or approximately HK\$30.0 million) for repayment of borrowings of the Group; (ii) approximately 24.6% (or approximately HK\$13.0 million) for strengthening the motor vehicles fleet; (iii) approximately 13.3% (or approximately HK\$7.0 million) for expansion of online-game business; and (iv) approximately 5.3% (or approximately HK\$2.8 million) for enhancing general working capital of the Group.

There will be no excess application arrangements in relation to the Rights Issue and the Rights Issue is not underwritten. There are no statutory requirements regarding the minimum subscription levels in respect of the Rights Issue. There is no minimum amount to be raised under the Rights Issue.

The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Excluded Shareholders (if any). To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and be a Qualifying Shareholder. In order to be registered as a member of the Company on the Record Date, all transfers of the Shares (together with the relevant share certificate(s)) must be lodged with the Registrar by no later than 4:30 p.m. (Hong Kong time) on Wednesday, 12 June 2024.

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

The Irrevocable Undertaking

As at the date of this announcement, Mr. Lee, being a substantial Shareholder, an executive Director and the chairman of the Board, directly holds 13,879,000 Shares (representing approximately 15.49% of the total issued share capital of the Company). On 25 March 2024, the Company received from Mr. Lee the Irrevocable Undertaking, pursuant to which Mr. Lee has irrevocably undertaken to the Company, among other things, that he:

- (i) shall not sell, transfer or otherwise dispose of the Shares held by him during the period from the date of the Irrevocable Undertaking up to and including the date on which the Rights Issue has become unconditional or the date on which the Company announces that the Rights Issue will not proceed, whichever is earlier (both dates inclusive);
- (ii) shall accept and subscribe, and procure his nominee(s) (if applicable) to accept and subscribe, in full for all the Rights Shares in which he is beneficially entitled under the Rights Issue on and subject to the terms and conditions of the Rights Issue provided that the total number of Rights Shares to be subscribed by him under the Rights Issue will be scaled down to the extent that Mr. Lee and his associate(s) will not trigger a general offer obligation under the Takeovers Code in accordance with the note to Rule 10.26(2) of the GEM Listing Rules; and
- (iii) shall procure his nominee(s) (if applicable) to lodge the PAL(s) despatched to him together with remittance for the full amount payable on acceptance in accordance with the instructions printed on the Prospectus and the PAL and, in any event, not later than the time specified therefor in the PAL.

Save for the Irrevocable Undertaking given by Mr. Lee, the Company has not received, as at the date of this announcement, any information or irrevocable undertaking from any other Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them under the Rights Issue.

The Compensatory Arrangements and the Placing Agreement

According to Rule 10.31(1)(b) of the GEM Listing Rules, the Company will make the Compensatory Arrangements to dispose of the Unsubscribed Rights Shares and the ES Unsold Rights Shares (which do not include any Rights Shares to be provisionally allotted to Mr. Lee for which subscription of Rights Shares will be subject to the Irrevocable Undertaking as set out in the section headed “The Irrevocable Undertaking” in this announcement) by offering these Shares to independent Placees, who and whose ultimate beneficial owners(s) shall be Independent Third Party(ies), for the benefit of the Shareholders to whom they were offered by way of the Rights Issue. There will be no excess application arrangements in relation to the Rights Issue.

Accordingly, on 25 March 2024 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to, on a best effort basis, procure Placee(s), who and whose ultimate beneficial owner(s) are Independent Third Party(ies), to subscribe for the Unsubscribed Rights Shares and ES Unsold Rights Shares. Any Unsubscribed Rights Shares and ES Unsold Rights Shares which are not placed under the Placing will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the existing Shares are traded on the Stock Exchange in the board lot size of 10,000 Shares. The Board proposes that the board lot size of the Shares for trading on the Stock Exchange will be changed from 10,000 Shares to 20,000 Shares with effect from 9:00 a.m. on Thursday, 20 June 2024.

GEM LISTING RULES IMPLICATIONS

The Rights Issue

In accordance with Rule 10.29(1) of the GEM Listing Rules, as the Rights Issue will increase the total number of issued Shares by more than 50%, the Rights Issue is conditional upon the Independent Shareholders' approval at the EGM, and any controlling Shareholder(s) (as defined under the GEM Listing Rules) and their respective associates, or where there is no controlling Shareholder, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) in relation to the Rights Issue at the EGM.

As at the date of this announcement, the Company has no controlling Shareholder. Accordingly, Mr. Lee, being an executive Director and a substantial Shareholder, and his respective associate(s) shall abstain from voting in favour of the proposed resolutions to approve the Rights Issue, the Placing and the transactions contemplated thereunder at the EGM. As at the date of this announcement, save for Mr. Lee, none of the Directors or chief executives of the Company had any interest in the Shares.

The Rights Issue will not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 10.44A of the GEM Listing Rules.

THE INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Choi Tak Fai, Ms. Lau Mei Suet and Mr. Tsang Ho Yin, will be established to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, taking into account the recommendations of the Independent Financial Adviser to be appointed by the Company. An announcement will be made by the Company upon the establishment of the Independent Board Committee and the appointment of the Independent Financial Adviser.

In this connection, the Company will appoint an Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable.

GENERAL

The EGM will be convened for the Shareholders to consider and, if fought fit, approve the Rights Issue and the Placing. For the purpose of determining the Shareholders' entitlements to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 31 May 2024 to Thursday, 6 June 2024 (both days inclusive).

A circular containing, among other things, (i) further details of the Rights Issue, the Placing and the Change in Board Lot Size; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Rights Issue; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue; and (iv) a notice convening the EGM, is expected to be despatched to the Shareholders on or before Friday, 17 May 2024.

Subject to the fulfilment of the conditions of the Rights Issue, the Company will despatch the Prospectus Documents containing, among other matters, details of the Rights Issue, to the Qualifying Shareholders on or before Thursday, 20 June 2024. The Company will despatch the Prospectus (without the PAL(s)) to the Excluded Shareholders (if any) for their information purpose only to the extent permitted under the relevant laws and regulations and reasonably practicable.

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

Shareholders and potential investors of the Company should note that the Rights Issue is subject to the fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the paragraph headed “Conditions of the Rights Issue” in this announcement.

Shareholders and potential investors of the Company should note that if the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Any Shareholder or other person dealing in the Shares and/or Rights Shares up to the date on which all the conditions of the Rights Issue are fulfilled will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Subject to the fulfilment of conditions, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full and Excluded Shareholders, if any, should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

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

PROPOSED RIGHTS ISSUE

The Company proposes to raise gross proceeds of up to approximately HK\$53.8 million (assuming full subscription under the Rights Issue) by issuing up to 448,000,000 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) by way of Rights Issue at the Subscription Price of HK\$0.120 per Rights Share on the basis of five (5) Rights Shares for every one (1) existing Share held by the Qualifying Shareholders at the close of business on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Excluded Shareholders (if any). Further details of the Rights Issue are set out below:

Rights Issue statistics

Basis of the Rights Issue : five (5) Rights Shares for every one (1) existing Share held by the Qualifying Shareholders at the close of business on the Record Date

| | | |
|---|---|--|
| Maximum number of Rights Shares to be issued | : | 448,000,000 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) |
| Subscription Price | : | HK\$0.120 per Rights Share |
| Net subscription price per Rights Share (i.e. Subscription Price less Rights Issue expenses) | : | Approximately HK\$0.118 per Rights Share |
| Maximum gross proceeds to be raised from the Rights Issue before expenses | : | Approximately HK\$53.8 million |
| Maximum net proceeds to be raised from the Rights Issue after expenses | : | Approximately HK\$52.8 million |
| Number of Shares in issue as at the date of this announcement | : | 89,600,000 Shares |
| Number of Shares in issue upon completion of the Rights Issue (assuming the Rights Issue is fully subscribed) | : | 537,600,000 Shares (assuming no change in the number of Shares in issue on or before the Record Date) |
| Aggregate nominal value of the Rights Shares | : | HK\$44.8 million (assuming no change in the number of Shares in issue on or before the Record Date) |
| Number of Rights Shares undertaken to be taken up | : | Mr. Lee has undertaken to take up an aggregate of 69,395,000 Rights Shares under his assured entitlement (representing approximately 15.49% of the total Rights Shares proposed to be provisionally allotted by the Company) pursuant to the Irrevocable Undertaking |

Assuming there is no change to the total issued share capital of the Company on or before the Record Date, 448,000,000 Rights Shares to be issued pursuant to the terms of the Rights Issue represents (i) 500% of the total issued share capital of the Company as at the date of this announcement; and (ii) approximately 83.33% of the total issued share

capital of the Company as enlarged by the allotment and issuance of the Rights Shares immediately upon completion of the Rights Issue (assuming the Rights Issue is fully subscribed).

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

The Subscription Price

The Subscription Price is HK\$0.120 per Rights Share, which shall be payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue or when a transferee of the nil-paid Rights Share(s) applies for the Rights Share(s).

The Subscription Price represents:

- (i) a discount of approximately 20.53% to the closing price of HK\$0.151 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 25.00% to the average closing price of approximately HK\$0.160 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 23.08% to the average closing price of approximately HK\$0.156 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 4.00% to the theoretical ex-rights price of approximately HK\$0.125 per Share based on the closing price of HK\$0.151 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) represented by a discount of approximately 20.25% of the theoretical diluted price of approximately HK\$0.126 per Share to the benchmarked price of approximately HK\$0.158 per Share (as defined under Rule 10.44A of the GEM Listing Rules), taking into account the higher of the closing price of HK\$0.151 per Share on the Last Trading Day and the average closing price of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days prior to the Last Trading Day of HK\$0.158 per Share); and
- (vi) a discount of approximately 52.0% to the net asset value of the Company of approximately HK\$0.25 per Share based on the latest published unaudited net asset value attributable to owners of the Company of approximately HK\$22.77 million as at 30 June 2023 as set out in the interim report of the Company for the six months ended 30 June 2023 and the total number of issued Shares of 89,600,000 Shares as at the date of this announcement.

The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the provisional allotment of Rights Shares will be approximately HK\$0.118 (assuming no change in the number of Shares in issue on or before the Record Date).

During the 12 month period immediately preceding the date of this announcement, the Company has not undertaken any rights issue, open offer or specific mandate placing. The theoretical diluted price, the benchmarked price and theoretical dilution effect (as those terms are defined under Rule 10.44A of the GEM Listing Rules) for the Rights Issue are approximately HK\$0.126 per Share, HK\$0.158 per Share and 20.25%, respectively. The Rights Issue will not result in a theoretical dilution effect of 25% or more. As such the theoretical dilution impact of the Rights Issue is in compliance with Rule 10.44A of the GEM Listing Rules.

The Subscription Price was determined by the Board with reference to, among others, (i) the market price of the Shares under the prevailing market conditions in Hong Kong; (ii) the latest financial position of the Group; (iii) the reasons for and benefits of the Rights Issue as discussed in the section headed “Reasons for and Benefits of the Rights Issue and the Use of Proceeds” in this announcement.

The Board considers, despite any potential dilution impact of the proposed Rights Issue on the shareholding interests of the Shareholders, the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole, after taking into account that (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue can sell the nil-paid rights in the market; (ii) the Rights Issue allows the Qualifying Shareholders to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a relatively low price as compared to the historical market price of the Shares and discount to the recent closing prices of the Shares; and (iii) the proceeds from the Rights Issue can fulfil the funding needs of the Group.

Non-underwritten Basis

Subject to the fulfilment of conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. In the event that the Rights Issue is not fully-subscribed, any Unsubscribed Rights Shares together with the ES Unsold Rights Shares (which do not include any Rights Shares to be provisionally allotted to Mr. Lee for which subscription of Rights Shares will be subject to the Irrevocable Undertaking as set out in the section headed “The Irrevocable Undertaking” in this announcement) will be placed to independent Placees on a best effort basis under the Compensatory Arrangements. Any Unsubscribed Rights Shares and ES Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

There are no statutory requirements regarding the minimum subscription levels in respect of the Rights Issue and there is no minimum amount to be raised under the Rights Issue. As the Rights Issue will proceed on a non-underwritten basis, Shareholder(s) who apply to take up all or part of his/her/its entitlements under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code or may result in the non-compliance by the Company of the Public Float Requirement under Rule 11.23(7) of the GEM Listing Rules. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which (i) does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance with the note to Rule 10.26(2) of the GEM Listing Rules; and (ii) does not result in the non-compliance of the Public Float Requirement on the part of the Company.

Conditions of the Rights Issue

The Rights Issue is conditional upon:

- (i) the passing by the Independent Shareholders at the EGM of the necessary resolution(s) to approve the Rights Issue and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Right Shares) by no later than the Prospectus Posting Date;
- (ii) the GEM Listing Committee of the Stock Exchange granting or agreeing to grant and not having withdrawn or revoked the listing of, and permission to deal in, all the Rights Shares (in their nil-paid and fully-paid forms);
- (iii) compliance with and performance of all undertakings and obligations of Mr. Lee under the Irrevocable Undertaking in all material respects;
- (iv) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of the Prospectus Documents in compliance with the GEM Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Prospectus Posting Date;
- (v) the posting of the Prospectus Documents to the Qualifying Shareholders by the Prospectus Posting Date and the posting of the Prospectus and a letter in the agreed form to the Excluded Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date; and
- (vi) the Placing Agreement not being terminated pursuant to the terms thereof and remain in full force and effect.

None of the above conditions can be waived. If any of the conditions referred to above is not fulfilled by the Latest Time for Termination, the Rights Issue will not proceed. The Company shall use all reasonable endeavours to procure the fulfilment of all the above conditions precedent by the Latest Time for Termination or such other date as the Company and the Placing Agent may agree.

As the proposed Rights Issue is subject to the above conditions, it may or may not proceed.

Basis of provisional allotments

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

The PAL relating to the Rights Shares will be enclosed with the Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Rights Shares as shown therein. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made with the Registrar on or before the Latest Time for Acceptance by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for. There will be no excess application arrangements in relation to the Rights Issue.

Status of the Rights Issue

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

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Excluded Shareholders (if any). To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company as at the close of business on the Record Date and not be an Excluded Shareholder.

In order to be registered as members of the Company on the Record Date, all transfers of the Shares (together with the relevant share certificate(s) and/or the instrument(s) of transfer) must be lodged with the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration by no later than 4:30 p.m. on Wednesday, 12 June 2024 (Hong Kong time).

It is expected that the last day of dealings in the Shares on a cum-rights basis is Friday, 7 June 2024, and the Shares will be dealt with on an ex-rights basis from Tuesday, 11 June 2024.

Beneficial owners whose Shares are held by nominee companies (or held in CCASS) should note that the Board will regard a nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Beneficial owners with their Shares held by nominee companies (or held in CCASS) are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. Shareholders and investors should consult their professional advisers if they are in doubt as to their status and action to be taken.

Subject to the registration of the Prospectus Documents in accordance with the applicable laws and regulations, the Company will despatch the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date and will despatch the Prospectus only (without the PAL) to the Excluded Shareholders for their information purpose only to the extent permitted under the relevant laws and regulations and reasonably practicable.

Qualifying Shareholders who take up their pro-rata entitlement in full will not suffer any dilution to their interests in the Company.

If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders, to be sold in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, will be paid pro rata (but rounded down to the nearest cent) to the relevant Excluded Shareholders in Hong Kong dollars, except that the Company will retain individual amounts of less than HK\$100 for its own benefit.

Any unsold entitlement of Excluded Shareholders to the Rights Shares and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders will, on a best effort basis, be placed by the Placing Agent under the Compensatory Arrangements to independent Placees, who and whose ultimate beneficial owners(s) shall be Independent Third Party(ies), for the benefit of the Shareholders to whom they were offered by way of the Rights Issue, at the price at least equal to the Subscription Price.

Rights of the Overseas Shareholder(s) (if any)

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

Pursuant to Rule 17.41(1) of the GEM Listing Rules, the Company will make necessary enquiries regarding the feasibility of extending the Rights Issue to Overseas Shareholders (if any) under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If, based on legal advice, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to any Overseas Shareholders on account either of the legal restrictions under the laws of relevant place(s) or the requirements of the relevant overseas regulatory body or stock exchange, no provisional allotment of the nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholder(s). In such circumstances, the Rights Issue will not be extended to the Excluded Shareholders. The basis for excluding the Excluded Shareholders, if any, from the Rights Issue will be set out in the Prospectus to be issued.

Overseas Shareholders and beneficial owners of the Shares who are residing outside Hong Kong should note that they may or may not be entitled to take part in the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 17.41(1) of the GEM Listing Rules. Accordingly, Overseas Shareholders and beneficial owners of the Shares who are residing outside Hong Kong should exercise caution when dealing in the securities of the Company.

Certificates of the Rights Shares and refund cheques for the Rights Issue

Subject to fulfilment of the conditions of the Rights Issue, (i) share certificates for the fully-paid Rights Shares; and (ii) refund cheques in respect of wholly or partially unsuccessful applications for Rights Shares (if any) are expected to be posted on or before Wednesday, 31 July 2024 by ordinary post, at the respective Shareholders' own risk, to their registered addresses.

Fractional Entitlements to the Rights Shares

On the basis of provisional allotment of five (5) Rights Shares for every one (1) existing Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

Application for listing of the Rights Shares and applicable fees

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

Dealing in the Rights Shares in both their nil-paid and fully-paid forms will be in the new board lots of 20,000 Rights Shares.

Stamp duty and other applicable fees

Dealing in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company in Hong Kong will be subject to payments of stamp duty, Stock Exchange trading fee, SFC transaction levy, FRC transaction levy or any other applicable fees and charges in Hong Kong.

Taxation

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Excluded Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares (in both their nil-paid and fully-paid forms) will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange, or such other dates as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

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

Pursuant to Rule 10.31(1)(b) of the GEM Listing Rules, the Company will make the Compensatory Arrangements to dispose of the Unsubscribed Rights Shares and the ES Unsold Rights Shares (which do not include any Rights Shares to be provisionally allotted to Mr. Lee for which subscription of Rights Shares will be subject to the Irrevocable Undertaking as set out in the section headed “The Irrevocable Undertaking” in this announcement) by offering these Shares to independent Placees, who and whose ultimate beneficial owners(s) shall be Independent Third Party(ies), for the benefit of the Shareholders to whom they were offered by way of the Rights Issue. As the Compensatory Arrangements are in place, there will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 10.31(1)(a) of the GEM Listing Rules.

Accordingly, on 25 March 2024 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and ES Unsold Rights Shares to independent Placees on a best effort basis. Pursuant to the Placing Agreement, the Company has appointed the Placing Agent to place the Unsubscribed Rights Shares and ES Unsold Rights Shares during the Placing Period to independent Placees on a best effort basis, and any premium over the Subscription Price for those Rights Shares that is realised will be paid to those No Action Shareholders and Excluded Shareholders on a pro-rata basis. The Placing Agent will, on a best effort basis, procure, by not later than 4:00 p.m. on Tuesday, 23 July 2024, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and ES Unsold Rights Shares. Any Unsubscribed Rights Shares and ES Unsold Rights Shares which are not placed will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

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

- A. for No Action Shareholders, the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for; and
- B. for Excluded Shareholders, the relevant Excluded Shareholders with reference to their shareholdings in the Company on the Record Date.

If and to the extent in respect of any Net Gain, any No Action Shareholders or Excluded Shareholders become entitled on the basis described above to an amount of HK\$100 or more, such amount will be paid to the relevant No Action Shareholder(s) and Excluded Shareholder(s) in Hong Kong Dollars only and the Company will retain individual amounts of HK\$100 or less for its own benefit.

Shareholders are reminded that Net Gain may or may not be realised and, accordingly, the No Action Shareholders and Excluded Shareholders may or may not receive any Net Gain.

THE IRREVOCABLE UNDERTAKING

As at the date of this announcement, Mr. Lee, being a substantial Shareholder, an executive Director and the chairman of the Board, directly holds 13,879,000 Shares (representing approximately 15.49% of the total issued share capital of the Company). On 25 March 2024, the Company received from Mr. Lee the Irrevocable Undertaking, pursuant to which Mr. Lee has irrevocably undertaken to the Company, among other things, that he:

- (i) shall not sell, transfer or otherwise dispose of the Shares held by him during the period from the date of the Irrevocable Undertaking up to and including the date on which the Rights Issue has become unconditional or the date on which the Company announces that the Rights Issue will not proceed, whichever is earlier (both dates inclusive);
- (ii) shall accept and subscribe, and procure his nominee(s) (if applicable) to accept and subscribe, in full for all the Rights Shares in which he is beneficially entitled under the Rights Issue on and subject to the terms and conditions of the Rights Issue provided that the total number of Rights Shares to be subscribed by him under the Rights Issue will be scaled down to the extent that Mr. Lee and his associate(s) will not trigger a general offer obligation under the Takeovers Code in accordance with the note to Rule 10.26(2) of the GEM Listing Rules; and
- (iii) shall procure his nominee(s) (if applicable) to lodge the PAL(s) despatched to him together with remittance for the full amount payable on acceptance in accordance with the instructions printed on the Prospectus and the PAL and, in any event, not later than the time specified therefor in the PAL.

Save for the Irrevocable Undertaking given by Mr. Lee, the Company has not received, as at the date of this announcement, any information or irrevocable undertaking from any other Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them under the Rights Issue.

THE PLACING AGREEMENT

Principal terms of the Placing Agreement are summarised as below.

On 25 March 2024 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to, on a best effort basis, procure Placee(s), who and whose ultimate beneficial owner(s) are Independent Third Party(ies), to subscribe for the Unsubscribed Rights Shares and ES Unsold Rights Shares. Details of the Placing Agreement are as follows:

Date : 25 March 2024 (after trading hours)

Issuer : the Company

Placing Agent : China Sky Securities Limited

The Placing Agent confirmed that it and its ultimate beneficial owner(s) are not Shareholders and are Independent Third Parties.

Placing Price : The placing price of the Unsubscribed Rights Shares and ES Unsold Rights Shares shall be at least equal to the Subscription Price and the final price determination will depend on the demand for and the market conditions of the Unsubscribed Rights Shares and ES Unsold Rights Shares during the placement process.

Placing Period : The period from Monday, 15 July 2024 up to 4:00 p.m. on Tuesday, 23 July 2024, or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Compensatory Arrangements.

Placing Commission : The Company shall pay the Placing Agent a placing commission equivalent to 0.7% of the amount which is equal to the Placing Price multiplied by the total number of the Unsubscribed Rights Shares and ES Unsold Rights Shares which are successfully placed by the Placing Agent.

Placees : The Unsubscribed Rights Shares and ES Unsold Rights Shares are expected to be placed to placees, who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies).

For the avoidance of doubt, no Placee shall become a substantial shareholder of the Company.

Ranking of the placed Unsubscribed Rights Shares and ES Unsold Rights Shares : The placed Unsubscribed Rights Shares and ES Unsold Rights Shares (when allotted, issued and fully paid, if any) shall rank *pari passu* in all respects among themselves and with the existing Shares in issue as at the date of completion of the Placing.

Conditions Precedent : The obligations of the Placing Agent under the Placing Agreement are conditional upon the following conditions being fulfilled:

- (i) the GEM Listing Committee granting the approval for the listing of, and the permission to deal in, the Rights Shares;
- (ii) the approval of the Rights Issue and the transactions contemplated thereunder (including the Placing Agreement) by more than 50% of the Independent Shareholders at the EGM by way of poll;
- (iii) the Placing Agreement not having been terminated in accordance with the provisions thereof; and
- (iv) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect.

The Placing Agent may, in its absolute discretion, waive the fulfilment of all or any part of the conditions by notice in writing to the Company, except paragraphs (i) and (ii) above which are not capable of being waived.

The Company shall use its best endeavours to procure the fulfilment of such conditions precedent to the Placing Agreement by Tuesday, 31 December 2024 (or such other date as may be agreed by the Placing Agent and the Company in writing). If any of the conditions precedent to the Placing Agreement have not been fulfilled by Tuesday, 31 December 2024 or become incapable of being fulfilled (subject to the Placing Agent not exercising its rights to waiver or extend the time for fulfilment of such conditions), then the Placing will lapse and all rights, obligations, liabilities of the Company and the Placing Agent in relation to the Placing shall cease and determine, save in respect of any accrued rights or obligations under the Placing Agreement or antecedent breach thereof.

Termination : The Placing Period shall end at 4:00 p.m. on Tuesday, 23 July 2024 or any other date by mutual agreement between the Placing Agent and the Company.

The Placing Agent may terminate the Placing Agreement by notice in writing given to the Company at any time prior to 4:00 p.m. on Wednesday, 24 July 2024 (or any other date by mutual agreement between the Placing Agent and the Company) upon the occurrence of the following events which, in the reasonable opinion of the Placing Agent, to be material in the context of the Placing or has or may have a material adverse effect on the business or financial conditions or prospects of the Group or the success of the Placing or the full placement of all of the Unsubscribed Rights Shares and ES Unsold Rights Shares or has or may otherwise make it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement if there develops, occurs or comes into force:

- (a) in the reasonable opinion of the Placing Agent there shall have been since the date of the Placing Agreement such a change in national or international financial, political or economic conditions or taxation or exchange controls as would be likely to prejudice materially the consummation of the Placing;

- (b) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any matter whatsoever which may adversely affect the business or the financial or trading position or prospects of the Group as a whole;
- (c) any material breach of any of the representations and warranties by the Company comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the date of completion of the Placing which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement;
- (d) any moratorium, suspension or restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise and which in the Placing Agent's reasonable opinion, would materially and adversely affect the success of the Placing, excluding any suspension in connection with the clearance of the Prospectus Documents or other announcements and circulars of the Company in connection with the Rights Issue; or
- (e) there is any adverse change in the financial position of the Company which in the reasonable opinion of the Placing Agent is material in the context of the Placing.

If notice of termination is given by the Placing Agent, the Placing Agreement shall be terminated and be of no further effect and neither party shall be under any liability to the other party in respect of the Placing Agreement save for any antecedent breach under the Placing Agreement prior to such termination.

The terms of the Placing Agreement (including the commission payable) were determined after arm's length negotiation between the Placing Agent and the Company with reference to the size of the Rights Issue and the market conditions. The Board considers the terms of the Placing for the Unsubscribed Rights Shares and ES Unsold Rights Shares (including the commission payable) are on normal commercial terms and are fair and reasonable.

As explained above, the Unsubscribed Rights Shares and ES Unsold Rights Shares will be placed by the Placing Agent to independent Placers on a best effort basis for the benefits of the No Action Shareholders and Excluded Shareholders. If all or any of the Unsubscribed Rights Shares and ES Unsold Rights Shares are successfully placed, any premium over the Subscription Price will be distributed to the relevant No Action Shareholders and Excluded Shareholders.

Given that the Compensatory Arrangements would provide (i) a distribution channel of the Unsubscribed Rights Shares and the ES Unsold Rights Shares; and (ii) a compensatory mechanism for No Action Shareholders and the Excluded Shareholders, the Board considers that the Compensatory Arrangements are fair and reasonable and would provide adequate safeguard to protect the interest of the Company's minority Shareholders.

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

The Group is principally engaged in the provision of corporate finance advisory services in Hong Kong, including but not limited to general corporate finance advisory, placing and underwriting as well as initial public offerings related projects. The Group successfully obtained the licenses to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO in March 2022 and started generating revenue therefrom since the second quarter of 2023. To a lesser extent, the Group has recently diversified and expanded its principal business by developing car rental and online-game businesses.

Corporate Finance and Asset Management Businesses

The Group is principally engaged in the provision of financial services, which included corporate finance advisory, securities advisory and asset management services. The Group is licensed to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO.

During the past few years, both Hong Kong and the PRC had experienced continuous lockdowns and cross-border restrictions due to the outbreak of COVID-19 pandemic which severely affected the Group's business operations and the financial position of its clients in the PRC. Notwithstanding the PRC economy has shown signs of recovery since December 2022, the pace of recovery has been uneven and the business operations and financial position of some of the Group's clients have yet to return to their pre-pandemic levels. As a result, some of the Group's pipeline projects and marketing activities were delayed or temporarily postponed. As at the date of this announcement, the Group has 13 projects in its pipeline, two of which has experienced temporary delay. Based on the Company's unaudited management accounts for the financial year ended 31 December 2023 and to the best estimation of the Directors, the Group's pipeline projects recognised total revenue of approximately HK\$7.7 million in aggregate for the year ended 31 December 2023 and are expected to further generate revenue in the amount of approximately HK\$2.8 million.

Further, the initial public offering ("IPO") market in Hong Kong remained sluggish in 2023. According to publicly available information from the Stock Exchange, the number of companies newly listed on the Main Board of the Stock Exchange decreased from 89 in 2022 to 70 in 2023; whereas no company was listed on GEM of the Stock Exchange in each of 2022 and 2023. Also, the total fundraising in Hong Kong recorded a year-on-year decrease of approximately 56% in 2023. The potential issuers generally remained hesitant to proceed with IPO plans as they typically aspired an improvement in the overall market economy as well as their valuations. The decrease in number of potential IPOs has accelerated the keen competition in pricing among corporate finance advisory services providers.

As a market participant of the Hong Kong financial market, the Group's growth and development are inevitably hindered by the aforesaid macro-economic factors. Nonetheless, despite the challenging environment, the Group remains cautiously optimistic about the prospects of Hong Kong financial industry. Leveraging (i) the gradual recovery in the Hong Kong and PRC economy; (ii) the Group's established network in the financial industry; and (iii) the new listing regime for specialist technology companies and GEM listing reform introduced by the Stock Exchange, which came into effect on 31 March 2023 and 1 January 2024, respectively, the management of the Company believes that there would be more business opportunities for the Group to capitalize on, and thereby enabling the Group to improve the financial performance of its corporate finance business in 2024.

Besides, the Group successfully obtained the licenses to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO in March 2022 and started generating revenue therefrom since the second quarter of 2023. The Group has established private open-ended fund companies under the SFO as eligible collective investment schemes under the New Capital Investment Entrant Scheme introduced by the Hong Kong government which became effective on 1 March 2024. As at the date of this announcement, there are two subscribers who have subscribed for the

funds established by the Group in an aggregate subscription amount of HK\$10.0 million. Going forward, the Group will enhance its marketing activities for attracting eligible participants under the New Capital Investment Entrant Scheme to invest in the collective investment schemes established by the Group.

Taking into consideration (i) the expected increase in demand for the Group's corporate finance advisory services attributable to the gradual recovery of the Hong Kong and PRC economy and financial markets; (ii) the recent reforms to the Hong Kong listing regime launched by the Stock Exchange; and (iii) the kick-start of the Group's asset management business, especially the collective investment schemes newly established by the Group under the New Capital Investment Entrant Scheme, the Group plans to continue focusing on developing its corporate finance and asset management businesses by strengthening its marketing and client pitching activities and expanding its workforce in the near future. As at the date of this announcement, the Group has 10 and three staff specialised in its corporate finance and asset management businesses, respectively. The Group has no intention to terminate/scale down/dispose its corporate finance and asset management businesses.

Car Rental Business

As disclosed in the voluntary announcement of the Company dated 22 November 2023, the Group intended to establish a car fleet, which mainly comprises luxury and up-scale cars, to operate car rental business (the "**Car Rental Business**") in the Guangdong-Hong Kong-Macao Greater Bay Area (the "**GBA**") as a new business of the Group. In line with the Group's business strategy, as at the date of this announcement, the Group has purchased a number of motor vehicles under the renowned brands of Bentley and Rolls Royce since the establishment of the Car Rental Business (details of which were disclosed in the announcements of the Company dated 29 November 2023, 13 December 2023, 17 January 2024 and 24 January 2024) and most of the motor vehicles acquired by the Group have been successfully leased out. Benefited from the GBA development plan of the PRC government, it is anticipated that the market demand for car rental services in the GBA will continue to grow. The Car Rental Business has started contributing revenue to the Group since 2023. In order to seize more business opportunities and expand its market share, the Group will continue to look for and merchandise suitable motor vehicle(s) to further strengthen its existing car fleet.

Online-Game Business

As disclosed in the voluntary announcement of the Company dated 7 December 2023, the Group intended to engage in online-game business in order to develop and diversify the Group's existing business portfolio. The Group is actively seeking potential collaborations with a number of online-game developers (the "**Developers**") for the license rights to operate, promote and generate income from their self-developed online-games in overseas market. Details of some of the licensed games secured by the Group were disclosed in the announcements of the Company dated 14 December 2023, 9 January 2024 and 8 February 2024. Based on the scheduled timetable for the launch of

the relevant licensed online-games, the online-game business is expected to start contributing revenue to the Group during the year ending 31 December 2024. The Group will continue to make endeavours to secure additional exclusive online-game license(s) and build an in-house team specialised in the marketing and promotion of the online-game business in order to enhance the expansion of its online-game business. Further, the Group will engage in promotion and marketing activities in respect of those games that it had already obtained the license rights from the Developers.

Funding Needs of the Group

The Board considers that the Group has an imminent funding needs for its business expansion taking into consideration the followings:

- as illustrated above, it is the Group's business strategies to (i) further strengthen its corporate finance and asset management businesses leveraging the gradual recovery of the Hong Kong and PRC economy, the recent reforms to the Hong Kong listing regimes launched by the Stock Exchange and the kick-start of the Group's asset management business; (ii) further develop its car rental business by acquiring additional luxury and up-scale motor vehicles; and (iii) further expand its online-game business by securing additional online-game licenses, building an in-house team for the online-game business and strengthening the promotion and marketing activities in respect of the licensed online games. The management of the Group anticipated that the Group's business strategies will significantly increase its working capital requirement. Having considered the Group's current scale of operations, recurrent working capital requirement and current available cash resources, the management of the Company considers that the Group has genuine needs to raise funds for financing its expansion plans. Further, given the Group is a licensed corporation under the SFO, it is required to comply with the minimum paid-up share capital and liquid capital requirements on an on-going basis pursuant to the Securities and Futures (Financial Resources) Rules (Chapter 571N of the Laws of Hong Kong);
- as at the date of this announcement, the Group had outstanding borrowing notes, which are unsecured and unguaranteed, payable to Independent Third Parties in an aggregate principal amount of approximately HK\$40.0 million. These outstanding borrowing notes carry a simple interest rate ranging between 5% and 8% per annum and would fall due by the third quarter of 2024. The Group currently plans to apply approximately HK\$30.0 million, representing approximately 56.8% of the net proceeds from the Rights Issue for the repayment of part of these outstanding borrowing notes, thereby lowering the Group's gearing ratio and strengthening the liquidity and cashflow position of the Group; and
- the Group has enquired licensed banks in Hong Kong for obtaining banking facilities from those banks for funding its business expansion. Based on the preliminary discussion with the licensed banks, the banking facilities would be required to be secured by the Group's assets. Taking into consideration the existing

carrying amount of the property, plant and equipment of the Group, the Directors consider that the Group may not have sufficient assets for fulfilling the security requirements for taking out banking facilities. Besides, according to publicly available information, the one-month Hong Kong inter-bank offered rate (“**HIBOR**”) increased significantly from approximately 3.0% as at 28 February 2023 to approximately 4.5% as at 29 February 2024. There is no assurance that the lending rate in Hong Kong would drop in the near future. Uncertain interest rate movement in the future may expose the Group to increasing borrowing costs which may adversely affect its financial performance and liquidity. Therefore, the management of the Company considers that it is in the interests of the Company and the Shareholders as a whole to proceed with the Rights Issue instead of debt financing.

Assuming there will be no change in the number of Shares in issue on or before the Record Date and full subscription of the Rights Issue, the maximum net proceeds from the Rights Issue (after deducting the estimated expenses of approximately HK\$1.0 million) is expected to be approximately HK\$52.8 million. The Company intends to apply the net proceeds from the Rights Issue in the following manner:

- (a) approximately HK\$30.0 million (being approximately 56.8% of the net proceeds) is intended to be used for repayment of borrowings of the Group, which amounted to HK\$40.0 million as at the date of this announcement. The portion of borrowings that the Group intends to repay carries a simple interest rate at a range of 5% to 8% per annum;
- (b) approximately HK\$13.0 million (being approximately 24.6% of the net proceeds) is intended to be used for the acquisition of at least three luxury motor vehicle(s) to support its Car Rental Business;
- (c) approximately HK\$7.0 million (being approximately 13.3% of the net proceeds) is intended to be used for the expansion of the Group’s online-game business by securing additional online-game licenses, building an in-house team for the online-game business and strengthening the promotion and marketing activities in respect of the licensed online games; and
- (d) approximately HK\$2.8 million (being approximately 5.3% of the net proceeds) is intended to be used for general working capital of the Group, including but not limited to salary expenses and other office and corporate expenses.

In the event that there is an under-subscription of the Rights Issue, the net proceeds of the Rights Issue will be utilised in proportion to the above uses.

Other fund-raising alternatives

Apart from the Rights Issue, the Directors have considered other debt/equity fund raising alternatives such as bank borrowings, placing, or an open offer.

In respect of debt financing, the Directors noted that bank borrowings will carry interest costs and may require the provision of security and creditors will rank before the Shareholders. Debt financing will also result in additional interest burden, higher gearing ratio of the Group and subject the Group to repayment obligations. In addition, debt financing may not be achievable on favourable terms in a timely manner.

As for equity fund raising, such as placing of new Shares, it is relatively smaller in scale as compared to fund raising through rights issue and it would lead to immediate dilution in the shareholding interest of the existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, which is not the intention of the Company.

As opposed to an open offer, the Rights Issue enables the Shareholders to sell the nil-paid rights in the market. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Company.

Having considered the abovementioned alternatives, the Directors consider raising funds by way of the Rights Issue is more attractive in the current market condition and the Rights Issue will enable the Company to strengthen its working capital base and enhance its financial position, while at the same time, allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company.

Based on the above, the Board (excluding the members of the Independent Board Committee whose opinion will be rendered after considering the advice from the Independent Financial Adviser) considers that raising capital through the Rights Issue is in the interests of the Company and the Shareholders as a whole. In addition, having considered the capital needs of the Group, the terms of the Rights Issue and the Subscription Price, the Board also considers that it is in the interests of the Company to proceed with the Rights Issue on a non-underwritten basis. However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Excluded Shareholder(s), if any, should note that their shareholdings will be diluted.

FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

The Company has conducted the following equity fund raising activities in the past twelve months immediately prior to the date of this announcement:

| Date of announcement | Completion date | Fund raising | Net proceeds raised (approximately) | Intended use of proceeds | Actual use of proceeds as at the date of this announcement |
|----------------------|------------------|--|-------------------------------------|--|--|
| 15 May 2023 | 8 June 2023 | Placing of 12,800,000 new shares at the placing price of HK\$0.20 per placing share under general mandate granted to the Directors at the 2022 AGM | HK\$2.50 million | For general working capital of the Group | The net proceeds have been fully utilised as intended. |
| 27 October 2023 | 20 November 2023 | Placing of 12,800,000 new shares at the placing price of HK\$0.15 per placing share under general mandate granted to the Directors at the 2023 AGM | HK\$1.83 million | For general working capital of the Group | The net proceeds have been fully utilised as intended. |

Save as disclosed above, the Company did not conduct any equity fund raising activities in the past twelve months immediately prior to the date of this announcement.

CHANGE IN SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company, assuming no further change in the number of issued Shares before completion of the Rights Issue other than the allotment and issue of the Rights Shares, (i) as at the date of this announcement; (ii) immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by existing Shareholders; (iii) immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders other than Mr. Lee who will take up the Rights Shares in accordance with the terms of the Irrevocable Undertaking and all the remaining Unsubscribed Rights Shares and ES Unsold Rights Shares having been placed by the Placing Agent; and (iv) immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the

Qualifying Shareholders other than Mr. Lee who will take up the Rights Shares in accordance with the terms of the Irrevocable Undertaking and none of the Unsubscribed Rights Shares and ES Unsold Rights Shares are placed by the Placing Agent:

| Name of Shareholders | As at the date of this announcement | | Immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by existing Shareholders | | Immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders other than Mr. Lee who will take up the Rights Shares in accordance with the terms of the Irrevocable Undertaking and all the remaining Unsubscribed Rights Shares and ES Unsold Rights Shares having been placed by the Placing Agent | | Immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders other than Mr. Lee who will take up the Rights Shares in accordance with the terms of the Irrevocable Undertaking and none of the Unsubscribed Rights Shares and ES Unsold Rights Shares are placed by the Placing Agent | |
|--|-------------------------------------|--------------|--|--------------|--|--------------|--|---------------------------|
| | Number of Shares | % | Number of Shares | % | Number of Shares | % | Number of Shares | % |
| | | | | | | | | |
| Mr. Lee | 13,879,000 | 15.49 | 83,274,000 | 15.49 | 83,274,000 | 15.49 | 32,297,545 | 29.90 ^(Note 2) |
| Public Shareholders | | | | | | | | |
| — Independent Places ^(Note 1) | — | — | — | — | 378,605,000 | 67.61 | — | — |
| — Other public Shareholders | <u>75,721,000</u> | <u>84.51</u> | <u>454,326,000</u> | <u>84.51</u> | <u>75,721,000</u> | <u>16.90</u> | <u>75,721,000</u> | <u>70.10</u> |
| | <u>89,600,000</u> | <u>100.0</u> | <u>537,600,000</u> | <u>100.0</u> | <u>537,600,000</u> | <u>100.0</u> | <u>108,018,545</u> | <u>100.0</u> |

Notes:

- As it is not expected that any of the individual Placees will become a substantial Shareholder immediately after completion of the Placing, the Unsubscribed Rights Shares and ES Unsold Rights Shares will form part of the public float of the Company.
- The total number of Rights Shares to be subscribed by Mr. Lee will be scaled down to the extent that he and his associates will not trigger a general offer obligation under the Takeovers Code as a result of the Rights Issue.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the existing Shares are traded on the Stock Exchange in the board lot size of 10,000 Shares. The Board proposes that the board lot size of the Shares for trading on the Stock Exchange will be changed from 10,000 Shares to 20,000 Shares with effect from 9:00 a.m. on Thursday, 20 June 2024.

Based on the theoretical ex-rights price of HK\$0.125 per Share (calculated based on the closing price of HK\$0.151 per Share as quoted on the Stock Exchange on the Last Trading Day), the market value of each existing board lot of 10,000 Shares is HK\$1,250 and the estimated market value of each proposed new board lot of 20,000 Shares would be HK\$2,500.

The Change in Board Lot Size will not result in change in the relative right of the Shareholders. Shareholders should take note that Shareholders' approval is not required for the Change in Board Lot Size.

Arrangement on odd lot trading and matching services

In order to alleviate the difficulties of the trading of odd lots (if any) of the Shares arising from the Change in Board Lot Size, the Company will appoint a designated broker to provide matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Shares to make up a full board lot, or to dispose of their holding of odd lots of the Shares. Further details of the odd lot arrangement will be set out in the circular of the Company in relation to the Rights Issue.

Holders of the Shares in odd lots should note that successful matching of the sale and purchase of odd lots of the Shares is not guaranteed. The Shareholders are recommended to consult their professional advisers if they are in doubt about the above arrangement.

All existing share certificates in board lot of 10,000 Shares will remain good evidence of the legal title to the Shares and continue to be valid for delivery, transfer, trading and settlement purposes. No new share certificates for existing Shareholders will be issued as a result of the Change in Board Lot Size, and therefore no arrangement for free exchange of the existing share certificates in board lot of 10,000 Shares to new share certificate in board lot of 20,000 Shares is necessary.

REASONS FOR THE CHANGE IN BOARD LOT SIZE

Pursuant to the "Guide on Trading Arrangements for Selected Types of Corporate Actions" issued by The Hong Kong Exchange and Clearing Limited, the expected value per board lot should be greater than HK\$2,000 taking into account the minimum transaction costs for a securities trade. In view of the fact that the closing price of the Shares as quoted on the Stock Exchange as at the date of this announcement was HK\$0.151 per Share, the value of each existing board lot of 10,000 Shares was HK\$1,510, which was less than HK\$2,000.

Based on the above and with the view to complying with the trading requirements under the GEM Listing Rules, the Board resolved to propose the Change in Board Lot Size, resulting in (i) HK\$3,020 per board lot of 20,000 Shares based on the closing price of HK\$0.151 per Share as quoted on the Stock Exchange as at the date of this announcement; and (ii) HK\$2,500 per board lot of 20,000 Shares based on the theoretical ex-rights price of HK\$0.125 per Share (calculated based on the closing price of HK\$0.151 per Share as quoted on the Stock Exchange on the Last Trading Day).

Further, the Change in Board Lot Size would reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction cost for each securities trade.

In addition, the Board considers that the Change in Board Lot Size would maintain the trading amount for each board lot at a reasonable level which will increase the attractiveness of investing the Shares from a broader range of institutional and professional investors and thus would help to further broaden the shareholder base of the Company and improve the value of the Shares in the long run.

Accordingly, the Board considers that the Change in Board Lot Size would maintain the trading amount for each board lot at a reasonable level in order to attract potential investors and to extend the shareholder base of the Company. The Board believes that the Change in Board Lot Size is in the interests of the Company and the Shareholders as a whole and that will not have any material adverse effect on the financial position of the Group nor result in any changes in the relative rights of the Shareholders.

EXPECTED TIMETABLE

The expected timetable for the Rights Issue, the Change in Board Lot Size and the Placing is set out below. The expected timetable is subject to change, and any such change will be announced in a separate announcement by the Company as and when appropriate.

| Event | Date and time (Hong Kong time) |
|--|---|
| Expected despatch date of the circular, proxy form and the notice of the EGM | Friday, 17 May 2024 |
| Latest time for lodging transfer of the Shares to qualify for attendance and voting at the EGM. | 4:30 p.m. on Thursday, 30 May 2024 |
| Closure of register of members for determination of the right to attend and vote at the EGM (both days inclusive) | Friday, 31 May 2024 to Thursday, 6 June 2024 |
| Latest time for lodging proxy forms for the EGM | 11:00 a.m. on Tuesday, 4 June 2024 |
| Record date for attendance and voting at the EGM | Thursday, 6 June 2024 |
| Expected time and date of the EGM to approve the proposed Rights Issue, the Placing and the transactions contemplated respectively thereunder. | 11:00 a.m. on Thursday, 6 June 2024 |

| Event | Date and time (Hong Kong time) |
|---|--|
| Announcement of the poll results of the EGM. | Thursday, 6 June 2024 |
| Register of members re-opens | Friday, 7 June 2024 |
| Last day of dealings in the Shares on a cum-rights basis of the Rights Issue. | Friday, 7 June 2024 |
| First day of dealings in the Shares on an ex-rights basis of the Rights Issue. | Tuesday, 11 June 2024 |
| Latest time for the Shareholders to lodge transfer of the Shares to qualify for the Rights Issue | 4:30 p.m. on Wednesday, 12 June 2024 |
| Closure of register of members for the Rights Issue (both days inclusive) | Thursday, 13 June 2024 to Wednesday, 19 June 2024 |
| Record Date for the Rights Issue | Wednesday, 19 June 2024 |
| Register of members of the Company re-opens | Thursday, 20 June 2024 |
| Despatch of Prospectus Documents (in the case of the Excluded Shareholders, the Prospectus only) | Thursday, 20 June 2024 |
| Effective date of the Change in Board Lot Size from 10,000 Shares to 20,000 Shares | Thursday, 20 June 2024 |
| Designated broker starts to stand in the market to provide matching services for odd lots of Shares. | 9:00 a.m. on Thursday, 20 June 2024 |
| First day of dealings in nil-paid Rights Shares in the new board lot size of 20,000 Shares | Monday, 24 June 2024 |
| Latest time for splitting of the PALs | 4:30 p.m. on Wednesday, 26 June 2024 |
| Last day of dealing in nil-paid Rights Shares in the new board lot size of 20,000 Shares | Tuesday, 2 July 2024 |

| Event | Date and time (Hong Kong time) |
|--|---|
| Latest time for lodging transfer documents of nil-paid Rights Shares in order to qualify for the Compensatory Arrangements | 4:00 p.m. on Friday, 5 July 2024 |
| Latest time for Acceptance of and payment for the Rights Shares | 4:00 p.m. on Friday, 5 July 2024 |
| Designated broker ceases to stand in the market to provide matching services for odd lots of Shares | 4:00 p.m. on Thursday, 11 July 2024 |
| Announcement of the number of Unsubscribed Rights Shares and ES Unsold Rights Shares subject to the Compensatory Arrangements | Friday, 12 July 2024 |
| Commencement of placing of Unsubscribed Rights Shares and ES Unsold Rights Shares by the Placing Agent | Monday, 15 July 2024 |
| Latest time of placing of Unsubscribed Rights Shares and ES Unsold Rights Shares subject to Compensatory Arrangements | 4:00 p.m. on Tuesday, 23 July 2024 |
| Latest time for Termination of the Placing Agreement | 4:00 p.m. on Wednesday, 24 July 2024 |
| Announcement of the allotment results of the Rights Issue (including results of the placing of the Unsubscribed Rights Shares and ES Unsold Rights Shares and the amount of the Net Gain per Unsubscribed Rights Share and per ES Unsold Rights Share under the Compensatory Arrangements) | Tuesday, 30 July 2024 |
| Despatch of share certificates for fully-paid Rights Shares | Wednesday, 31 July 2024 |

| Event | Date and time (Hong Kong time) |
|--|---|
| Despatch of refund cheques, if any, if the Rights Issue is terminated | Wednesday, 31 July 2024 |
| Commencement of dealings in fully-paid Rights Shares in the new board lot size of 20,000 Rights Shares | 9:00 a.m. on Thursday, 1 August 2024 |
| Payment of Net Gain to relevant No Action Shareholders (if any) | Monday, 12 August 2024 |

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

Details or deadlines specified in the expected timetable above or in other parts of this announcement are indicative only and may be extended, amended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

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

The Latest Time for Acceptance will not take place at the time indicated above if there is a tropical cyclone warning signal no. 8 or above, or “extreme conditions” caused by super typhoons announced by the Government of Hong Kong or a “black” rainstorm warning:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Friday, 5 July 2024. Instead, the Latest Time for Acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Friday, 5 July 2024. Instead, the Latest Time for Acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

If the Latest Time for Acceptance of and payment for the Rights Shares does not take place on or before 4:00 p.m. on Friday, 5 July 2024, the dates mentioned in this section may be affected. The Company will notify the Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 31 May 2024 to Thursday, 6 June 2024 (both dates inclusive) for determining the Shareholders' entitlements for attending and voting at the EGM.

The register of members of the Company will be closed from Thursday, 13 June 2024 to Wednesday, 19 June 2024 (both dates inclusive) for determining the entitlements to the Rights Issue.

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

GEM LISTING RULES IMPLICATION

Rights Issue

In accordance with Rule 10.29(1) of the GEM Listing Rules, as the Rights Issue will increase the total number of issued Shares by more than 50%, the Rights Issue is conditional upon the Independent Shareholders' approval at the EGM, and any controlling Shareholder(s) (as defined under the GEM Listing Rules) and their respective associates, or where there is no controlling Shareholder, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) in relation to the Rights Issue at the EGM.

As at the date of this announcement, the Company has no controlling Shareholder. Accordingly, Mr. Lee, being an executive Director and a substantial Shareholder, and his respective associate(s) shall abstain from voting in favour of the proposed resolutions to approve the Rights Issue, the Placing and the transactions contemplated thereunder at the EGM. As at the date of this announcement, save for Mr. Lee, none of the Directors or chief executives of the Company had any interest in the Shares.

The Company has not conducted any rights issue, open offer or specific mandate placings within the 12-month period immediately preceding the date of this announcement, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities as part of any rights issue, open offer and/or specific mandate placings within such 12-month period.

The Rights Issue will not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 10.44A of the GEM Listing Rules.

THE INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Choi Tak Fai, Ms. Lau Mei Suet and Mr. Tsang Ho Yin, will be established to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, taking into account the recommendations of the Independent Financial Adviser to be appointed by the Company. An announcement will be made by the Company upon the establishment of the Independent Board Committee and the appointment of the Independent Financial Adviser.

In this connection, the Company will appoint an Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable.

GENERAL

The EGM will be convened for the Shareholders to consider and, if fought fit, approve the Rights Issue and the Placing. For the purpose of determining the Shareholders' entitlements to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 31 May 2024 to Thursday, 6 June 2024 (both days inclusive).

A circular containing, among other things, (i) further details of the Rights Issue, the Placing and the Change in Board Lot Size; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Rights Issue; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue; and (iv) a notice convening the EGM, is expected to be despatched to the Shareholders on or before Friday, 17 May 2024.

Subject to the fulfilment of the conditions of the Rights Issue, the Company will despatch the Prospectus Documents containing, among other matters, details of the Rights Issue, to the Qualifying Shareholders on or before Thursday, 20 June 2024. The Company will despatch the Prospectus (without the PAL(s)) to the Excluded Shareholders (if any) for their information purpose only to the extent permitted under the relevant laws and regulations and reasonably practicable.

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

Shareholders and potential investors of the Company should note that the Rights Issue is subject to the fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the paragraph headed “Conditions of the Rights Issue” in this announcement.

Shareholders and potential investors of the Company should note that if the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Any Shareholder or other person dealing in the Shares and/or Rights Shares up to the date on which all the conditions of the Rights Issue are fulfilled will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Subject to the fulfilment of conditions, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full and Excluded Shareholders, if any, should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

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

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings when used herein:

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| “2022 AGM” | the annual general meeting of the Company held on 6 May 2022 |
| “2023 AGM” | the annual general meeting of the Company held on 30 May 2023 |
| “associate(s)” | has the meaning ascribed to it under the GEM Listing Rules |
| “Board” | the board of Directors |

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| “Business Day” | a day (excluding Saturday and Sunday and any day on which “extreme conditions” caused by super typhoons is announced by the Government of Hong Kong or a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black”rainstorm warning is hoisted or remains in effect between 9:00 a.m. and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business |
| “CCASS” | The Central Clearing and Settlement System established and operated by HKSCC |
| “Change in Board Lot Size” | the proposed change in board lot size of the Shares for trading on the Stock Exchange from 10,000 Shares to 20,000 Shares |
| “Company” | Zijing International Financial Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM (Stock Code: 8340) |
| “Compensatory Arrangements” | the compensatory arrangements made pursuant to Rule 10.31(1)(b) of the GEM Listing Rules as described in the paragraph headed “Procedures in respect of the Unsubscribed Rights Shares and the ES Unsold Rights Shares and the Compensatory Arrangements” in this announcement |
| “Director(s)” | the director(s) of the Company |
| “EGM” | the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Rights Issue and the Placing |
| “ES Unsold Rights Share(s)” | the Rights Share(s) which would otherwise have been provisionally allotted to the Excluded Shareholders in nil-paid form |
| “Excluded Shareholder(s)” | the Overseas Shareholder(s) in respect of whom the Board, after making relevant enquiries with the legal advisers in the relevant jurisdictions, considers it necessary or expedient not to offer the Rights Shares to such Overseas Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place |
| “FRC” | the Accounting and Financial Reporting Council |

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| “GEM” | GEM operated by the Stock Exchange |
| “GEM Listing Committee” | has the meaning ascribed to it under the GEM Listing Rules |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on GEM |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollar(s), the lawful currency of Hong Kong |
| “HKSCC” | Hong Kong Securities Clearing Company Limited |
| “Hong Kong” | Hong Kong Special Administrative Region of the People’s Republic of China |
| “Independent Board Committee” | an independent board committee of the Board comprising all the independent non-executive Directors to be established to advise the Independent Shareholders in respect of the Rights Issue |
| “Independent Financial Adviser” | the independent financial adviser to be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue |
| “Independent Shareholder(s)” | any Shareholder(s) who is(are) not required to abstain from voting on the resolution relating to the Rights Issue at the EGM under the GEM Listing Rules |
| “Independent Third Party(ies)” | third party(ies) independent of the Company and its connected persons and not connected with any of them or their respective associates |
| “Irrevocable Undertaking” | a letter of irrevocable undertaking executed by Mr. Lee in favour of the Company, the principal terms of which are disclosed in the section headed “The Irrevocable Undertaking” in this announcement |
| “Last Trading Day” | Monday, 25 March 2024, last trading day for the Shares on the Stock Exchange immediately before the publication of this announcement |
| “Latest Time for Acceptance” | 4:00 p.m. on Friday, 5 July 2024, being the latest time for acceptance of the offer of and payment for the Rights Shares |
| “Latest Time for Termination” | 4:00 p.m. on Wednesday, 24 July 2024 or such later date as the Company and the Placing Agent may agree in writing, being the latest time to terminate the Placing Agreement |

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| “Mr. Lee” | Mr. Lee Chun Wai, an executive Director, the chairman of the Board and a substantial Shareholder who is directly holding 13,879,000 Shares (approximately 15.49% of the issued share capital of the Company) as at the date of this announcement |
| “Net Gain” | the premium paid by the Placees over the Subscription Price for the Unsubscribed Rights Shares and ES Unsold Rights Shares placed by the Placing Agent |
| “New Capital Investment Entrant Scheme” | the new migration programme offered by the Hong Kong government which has become effective on 1 March 2024 that enables eligible persons to reside and pursue development in Hong Kong through capital investment in the form of financial assets |
| “No Action Shareholder(s)” | those Qualifying Shareholders who do not subscribe for the Right Shares (whether partially or fully) under the PALs or their renounces, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed |
| “Overseas Shareholder(s)” | the Shareholder(s) whose registered address(es) as shown in the register of members of the Company as at the close of business on the Record Date is/are outside Hong Kong |
| “PAL(s)” | the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue |
| “Placee(s)” | institutional, corporate or individual investor(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies), procured by the Placing Agent and/or its sub-placing agents to subscribe for the Unsubscribed Rights Shares and ES Unsold Rights Shares pursuant to the Placing Agreement |
| “Placing” | the placing of the Unsubscribed Rights Shares and ES Unsold Rights Shares on a best effort basis by the Placing Agent and/or its sub-placing agents(s) to the Placees on the terms and conditions of the Placing Agreement |
| “Placing Agent” | China Sky Securities Limited, a licensed corporation under the SFO to engage in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities |
| “Placing Agreement” | the placing agreement dated 25 March 2024 entered into between the Company and the Placing Agent in relation to the Placing |

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| “Placing Period” | a period commencing from the first Business Day after the date of announcement of the number of the Unsubscribed Rights Shares and ES Unsold Rights Shares, which is expected to be Monday, 15 July 2024, and ending at 4:00 p.m. on Tuesday, 23 July 2024 |
| “Prospectus” | the prospectus to be issued to the Shareholders containing details of the Rights Issues |
| “Prospectus Documents” | the Prospectus and the PAL |
| “Prospectus Posting Date” | Thursday, 20 June 2024 or such other date as the Company may determine, being the date on which the Prospectus Documents are posted to the Qualifying Shareholders and the Prospectus for information only to the Excluded Shareholders |
| “Public Float Requirement” | the public float requirement under Rule 11.23(7) of the GEM Listing Rules |
| “Qualifying Shareholder(s)” | Shareholders, other than Excluded Shareholders, whose names appear on the register of members of the Company at the close of business on the Record Date |
| “Record Date” | Wednesday, 19 June 2024 or such other date as may be determined by the Company, being the date by reference to which the Shareholders’ entitlements to participate in the Rights Issue will be determined |
| “Registrar” | Tricor Investor Services Limited, the Company’s Hong Kong branch share registrar and transfer office, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong |
| “Rights Issue” | The proposed issue of the Rights Shares by way of rights on the basis of five (5) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date at the Subscription Price |
| “Rights Share(s)” | up to 448,000,000 new Shares (assuming no change in the number of issued Shares on or before the Record Date) to be allotted and issued pursuant to the Rights Issue |
| “SFC” | the Securities and Futures Commission |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |

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| “Share(s)” | ordinary shares of HK\$0.1 each in the share capital of the Company |
| “Shareholder(s)” | the holder(s) of the Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Subscription Price” | the subscription price of HK\$0.120 per Rights Share under the Rights Issue |
| “substantial shareholder(s)” | has the meaning as ascribed thereto under the GEM Listing Rules |
| “Takeovers Code” | The Hong Kong Code on Takeovers and Mergers |
| “Unsubscribed Rights Share(s)” | the Rights Shares that are not subscribed by the Qualifying Shareholders, which do not include any Rights Shares to be provisionally allotted to Mr. Lee for which subscription of Rights Shares will be subject to the Irrevocable Undertaking as set out in the section headed “The Irrevocable Undertaking” in this announcement |
| “%” | per cent |

By order of the Board
Zijing International Financial Holdings Limited
Lee Chun Wai
Chairman and Executive Director

Hong Kong, 25 March 2024

As at the date of this announcement, the executive Directors are Mr. Lee Chun Wai and Ms. Ji Yi; and the independent non-executive Directors are Mr. Choi Tak Fai, Ms. Lau Mei Suet and Mr. Tsang Ho Yin.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at www.hkexnews.hk for at least seven days from the day of its posting. This announcement will also be published on the Company’s website at <http://www.hklistco.com/8340>.