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**(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF  
TWO (2) RIGHTS SHARES FOR EVERY ONE (1) SHARE  
HELD ON THE RECORD DATE ON  
A NON-UNDERWRITTEN BASIS; AND  
(2) PLACING OF NEW SHARES UNDER  
SPECIFIC MANDATE**

**Financial Adviser**



**Placing Agent**



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



## **PROPOSED RIGHTS ISSUE**

The Company proposes to implement the Rights Issue on the basis of two (2) Rights Shares for every one (1) Share held on the Record Date at the Subscription Price of HK\$0.15 per Rights Share, to raise up to approximately HK\$91.6 million (before deducting professional fees and other related expenses) by issuing up to 610,714,104 Rights Shares (assuming no changes in the issued share capital of the Company on or before the Record Date) to the Qualifying Shareholders.

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

Assuming no change in the number of issued Shares on or before the Record Date, the Rights Shares proposed to be issued pursuant to the terms of the Rights Issue represent: (i) 200.0% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 66.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

Subject to the fulfilment and/or waiver (where applicable) for the 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.

If there is an under-subscription of the Rights Issue as a result of Untaken Rights not being fully taken up by Qualifying Shareholders or transferees of nil-paid Rights Shares, and the Unsubscribed Rights Shares are not fully placed by the Placing Agent, the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue. There is also no statutory requirement regarding minimum subscription level in respect of the Rights Issue. Investors are advised to exercise caution when dealing in the Shares.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Friday, 14 June 2024 to Thursday, 20 June 2024 (both dates inclusive) for the purpose of determining entitlements to the Rights Issue. During this period, no transfer of Shares will be registered.

## **THE PLACING AGREEMENT**

After trading hours on 8 April 2024, the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to procure Placee(s), on a best efforts basis, to subscribe for the Unsubscribed Rights Shares.

The Unsubscribed Rights Shares to be placed under the Placing Agreement will be issued pursuant to the Specific Mandate to allot, issue and deal with the Unsubscribed Rights Shares to be approved and granted to the Directors by the Shareholders at the EGM.

Details of the principal terms of the Placing Agreement are set out in the section headed “The Placing Agreement” in this announcement.

## **LISTING RULES IMPLICATIONS**

Since the Rights Issue will increase the issued share capital of the Company by more than 50%, in accordance with Rule 7.27A(1) of the Listing Rules, the Rights Issue must be made conditional on, amongst other things, the approval by the Independent Shareholders at which any controlling Shareholders and their respective associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Rights Issue. The Rights Issue will be carried out in compliance with Rule 7.21(1)(a) of the Listing Rules.

The Placing will be subject to Shareholders’ approval. The EGM will be convened and held for the purposes of considering and, if thought fit, approving the Placing Agreement and the transactions contemplated thereunder and the Specific Mandate to allot and issue the Unsubscribed Rights Shares. To the best knowledge of the Directors, no Shareholder is required to abstain from voting at the EGM in respect of the resolution(s) relating to the Placing and the Specific Mandate.

As at the date of this announcement, there are no controlling Shareholders and no Director or chief executive of the Company and their respective associates are interested in any Shares.

#### **ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Yau Sze Yeung, Mr. Chen Weijiang and Mr. Lee Chun Tung, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue and the Placing Agreement and the transactions contemplated thereunder, are on normal commercial terms, fair and reasonable, in the interests of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders as to the voting at the EGM, taking into account the recommendations of the Independent Financial Adviser.

The Independent Financial Adviser has been appointed by the Company (with the approval of the Independent Board Committee) to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue and the Placing Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable, in the interests of the Independent Shareholders as a whole, and to advise the Independent Shareholders as to the voting at the EGM.

#### **DESPATCH OF CIRCULAR AND PROSPECTUS DOCUMENTS**

The EGM will be convened for the Shareholders to consider and, if thought fit, approve the Rights Issue and the Placing Agreement and the transactions contemplated thereunder. The Circular containing further details on, among other things, (i) the Rights Issue and the Placing Agreement; (ii) a letter of recommendations from the Independent Board Committee in respect of the Rights Issue and the Placing Agreement; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in regard to the aforesaid; (iv) other information required under the Listing Rules; and (v) a notice convening the EGM, will be despatched to the Shareholders on or before Wednesday, 22 May 2024.

Subject to the Rights Issue and the Placing Agreement and the transactions contemplated thereunder having been approved by the Independent Shareholders at the EGM, the Prospectus Documents will be despatched to the Qualifying Shareholders. The Prospectus will also be despatched to the Excluded Shareholders for information only. For the avoidance of doubt, the Excluded Shareholders are entitled to attend and vote at the EGM.

### **WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND NIL-PAID RIGHTS SHARES**

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

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

### **PROPOSED RIGHTS ISSUE**

The Company proposes to implement the Rights Issue on the basis of two (2) Rights Shares for every one (1) Share held on the Record Date at the Subscription Price of HK\$0.15 per Rights Share, to raise up to approximately HK\$91.6 million (before deducting professional fees and other related expenses) by issuing up to 610,714,104 Rights Shares to the Qualifying Shareholders.

The Rights Issue will not be extended to the Excluded Shareholder(s). The terms of the Rights Issue are set out below:

## Issue statistics

Basis of the Rights Issue	:	Two (2) Rights Shares for every one (1) Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.15 per Rights Share
Number of Shares in issue as at the date of this announcement	:	305,357,052 Shares
Number of Rights Shares to be issued under the Rights Issue	:	Up to 610,714,104 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Aggregate nominal value of the Rights Shares	:	Up to HK\$6,107,141.04 (assuming no change in the number of Shares in issue on or before the Record Date)
Total number of Shares in issue upon completion of the Rights Issue	:	Up to 916,071,156 Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Gross proceeds from the proposed Rights Issue	:	Up to approximately HK\$91.6 million (assuming no changes in the share capital of the Company on or before the Record Date and all the Rights Shares are taken up)
Net price per Rights Share	:	Approximately HK\$0.146 per Rights Share (assuming no changes in the share capital of the Company on or before the Record Date)
Compensatory arrangements	:	As the excess applications are in place, there will be no compensatory arrangements in relation to the Rights Issue as stipulated under Rule 7.21(1)(b) of the Listing Rules.

As at the date of this announcement, the Company (a) has no outstanding derivatives, options, warrants, conversion securities or other similar securities which are convertible or exchangeable into Shares; and (b) has no intention to issue or grant any Shares, convertible securities, warranties and/or options on or before the Record Date.

**Assuming no change in the number of issued Shares on or before the Record Date, the Rights Shares proposed to be issued pursuant to the terms of the Rights Issue represent: (i) 200.0% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 66.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.**

### **Subscription Price**

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

The Subscription Price represents:

- (i) a discount of approximately 31.8% to the closing price of HK\$0.22 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 31.8% to the average closing price of approximately HK\$0.22 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 31.8% to the average closing price of approximately HK\$0.22 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 22.7% to the theoretical ex-rights price of approximately HK\$0.17 per Share based on the closing price of HK\$0.22 per Share as quoted on the Stock Exchange on the Last Trading Day;

- (v) a discount of approximately 71.2% to the audited consolidated net asset value per Share attributable to the Shareholders as at 31 December 2023 of approximately HK\$0.52 per Share, which is calculated by dividing the audited consolidated net assets of the Group attributable to the Shareholders of approximately RMB148.08 million (equivalent to approximately HK\$159.92 million) as at 31 December 2023 as set out in the annual results announcement of the Company for the year ended 31 December 2023 by the number of Shares as at the date of this announcement;
- (vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 22.7%, represented by the theoretical diluted price of approximately HK\$0.17 per Share to the benchmarked price of approximately HK\$0.22 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of (i) the closing price of the Shares as quoted on the Stock Exchange on the Last Trading Day; and (ii) the average of the closing prices of the Shares as quoted on the Stock Exchange for the five (5) previous consecutive trading days prior to the date of this announcement.

The Subscription Price was determined with reference to, among other things, the recent market prices of the Shares, the current market conditions, the financial position of the Group and the reasons and benefits of the Rights Issue as discussed in the section headed “Reasons for the Rights Issue and Use of Proceeds” in this announcement.

In view of the above, and having considered that all the Qualifying Shareholders will be offered equal opportunity to subscribe for the Rights Shares by way of provisional allotment, the Directors (including the independent non-executive Directors) consider that the terms of the Rights Issue and the Placing Agreement, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The theoretical dilution price, the benchmarked price and the theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) for the Rights Issue are approximately HK\$0.17 per Share, HK\$0.22 per Share and approximately 22.7%, respectively. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

### **Basis of provisional allotment**

The basis of the provisional allotment shall be two (2) Rights Shares for every one (1) Share held by a Qualifying Shareholder as at the close of business on the Record Date.



Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing a PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

### **Qualifying Shareholders**

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not be an Excluded Shareholder on the Record Date.

In order to be registered as a member of the Company on the Record Date, a Shareholder must lodge the relevant transfer(s) of Share(s) (with the relevant share certificates) with the Registrar, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration by no later than 4:00 p.m. on Thursday, 13 June 2024.

The last day of dealings in the Shares on a cum-rights basis is Tuesday, 11 June 2024. The Shares will be dealt with on an ex-rights basis from Wednesday, 12 June 2024.

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

### **Excluded Shareholder(s)**

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

Pursuant to Rule 13.36(2)(a) of the Listing Rules, the Directors will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholder(s) under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If, after making such enquiries, the Directors are of the opinion that it would be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place to exclude such Overseas Shareholder(s) from the Rights Issue, no Rights Shares (whether in nil-paid or fully-paid form) will be offered to such Overseas Shareholder(s). In such circumstances, the Rights Issue will not be extended to the Excluded Shareholder(s). The basis for excluding the Excluded Shareholders(s), if any, from the

Rights Issue will be set out in the Prospectus. The Company will despatch the Prospectus Documents to the Qualifying Shareholders only and will, subject to the advice given in the legal opinions provided by the Company's legal advisers in the relevant overseas jurisdictions of the Overseas Shareholders, if any, and to the extent reasonably practicable, send the Prospectus (excluding the PAL and EAF) to the Excluded Shareholder(s) for information purposes only.

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

### **Status of the Rights Shares**

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

### **Fractional entitlements to the Rights Shares**

On the basis of provisional allotment of two (2) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise under Rights Issue.

## **Application for excess Rights Shares**

Qualifying Shareholders are entitled to apply for, by way of excess application:

- (i) any unsold entitlements to the Rights Shares of the Excluded Shareholder(s) (if any); and
- (ii) any nil-paid Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise not subscribed for by renouces or transferees of nil-paid Rights Shares.

(i) and (ii) collectively referred to as “**Untaken Rights**”.

Applications for excess Rights Shares may be made by completing an EAF and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Directors will allocate any excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

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

If the aggregate number of Rights Shares not taken up by the Qualifying Shareholders and/or transferees of nil-paid Rights Shares under PALs is greater than the aggregate number of excess Rights Shares being applied for under EAFs, the Directors will allocate to each Qualifying Shareholder who applies for excess Rights Shares the actual number of excess Rights Shares being applied for.

Investors whose Shares are held by a nominee company (including HKSCC Nominees Limited) should note that for the purpose of the Rights Issue, the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, investors should note that the aforesaid arrangement in relation to the allocation of excess Rights Shares will not be extended to beneficial owners individually. Investors whose Shares are held by a nominee company (or held through CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. For those investors who would like to have their names registered on the register of members of the Company, all necessary documents must be lodged with the Registrar, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration by no later than 4:00 p.m. on Thursday, 13 June 2024.

### **Application for listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. No part of the share capital 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 exchange.

The board lot size of the nil-paid Rights Shares shall be the same as that of the fully-paid Rights Shares, i.e. 8,000 Shares in one board lot.

### **Rights Shares will be eligible for admission into CCASS**

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

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

### **Stamp duty and other applicable fees**

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

### **Share certificates and refund cheques for Rights Issues**

Subject to the fulfilment and/or waiver (where applicable) of the conditions of the Rights Issue as set out below, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered address, at their own risks, on or before Tuesday, 23 July 2024. Those entitled, except HKSCC Nominees Limited, and in the case of joint Qualifying Shareholders, the first-named Qualifying Shareholder, will receive one share certificate for all the Rights Shares in fully-paid form, allotted and issued thereto.

Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before Tuesday, 23 July 2024 by ordinary post to the applicants' registered address, at their own risk.

### **The Rights Issue on a non-underwritten basis**

Subject to the fulfilment and/or waiver (where applicable) for the 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. If there is an under-subscription of the Rights Issue as a result of Untaken Rights not being fully taken up by Qualifying Shareholders or transferees of nil-paid Rights Shares, and the Unsubscribed Rights Shares are not fully placed by the Placing Agent, the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue. There is also no statutory requirement regarding minimum subscription level in respect of 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 its entitlement under PAL or applies for excess Rights Shares under EAF may unwittingly incur an obligation to make a general offer under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will, pursuant to Rule 7.19(5) of the Listing Rules, provide for Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the applications of any Shareholder (except for HKSCC Nominees Limited) for his/her/its entitlement under the PAL or for excess Rights Shares under the EAF will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code.

As at the date of this announcement, the Company has not received any undertaking from any substantial shareholder of the Company of any intention as to whether such Shareholder will take up his/her/its entitlements under the Rights Issue (or otherwise).

### **Conditions of the Rights Issue**

The Rights Issue is conditional upon the fulfilment, non-occurrence or waiver (as appropriate) of each of the following conditions:

- (a) the meeting(s) of the Board properly and validly convened to approve and implement the Rights Issue;
- (b) the passing by the Shareholders (or the Independent Shareholders, as the case may be) at the EGM of the necessary resolution(s) to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares) by no later than the Prospectus Posting Date;
- (c) the Stock Exchange having authorised the registration of, and the Companies Registry in Hong Kong having registered, respectively, each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other accompanying documents required) and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the laws of Hong Kong) not later than the Prospectus Posting Date;

- (d) to the extent permitted under all applicable laws and regulations and the Company's constitutional documents, the Prospectus being made available on the Company's website and the Stock Exchange's website and the sending of PAL and EAF to the Qualifying Shareholders on the Prospectus Posting Date;
- (e) the Listing Committee granting and not having revoked, listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms either unconditionally or subject to such conditions which the Company accepts and the satisfaction of such conditions (if any and where relevant) by no later than the Prospectus Posting Date and such listings and permission to deal not having been withdrawn or revoked;
- (f) each condition to enable the Rights Shares in their nil-paid or fully-paid forms to be admitted as eligible securities for deposit, clearance and settlement in CCASS having been satisfied on or before the Business Day prior to the commencement of trading of the Rights Shares (in their nil paid and fully-paid forms, respectively) and no notification having been received by the Company from HKSCC by such time that such admission or facility for holding and settlement has been or is to be refused;
- (g) the Placing Agreement not being terminated; and
- (h) there shall not have occurred and be continuing any of the following:
  - (i) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Company in any material respect affect the success of the Rights Issue (such success being the taking up of the Rights Shares by the Shareholders or the transferees of the nil-paid rights) or otherwise in the absolute opinion of the Company makes it inexpedient or inadvisable or inappropriate for the Company to proceed with the Rights Issue; or
  - (ii) any event of force majeure including, without limiting the generality thereof, any act of God, war, fire, flood, explosion, epidemic, terrorism, which in any material respect adversely affect the business or the financial or trading position or prospects of the Company or the Rights Issue; or
  - (iii) any other material adverse change in relation to the business or the financial or trading position or prospects of the Company occurs, whether or not of the same kind with any of the foregoing; or

- (iv) any suspension in the trading of the securities generally or the Company's securities on the Stock Exchange for a period of more than 30 consecutive trading days occurs, excluding any halt or suspension in connection with the clearance of the announcement or circular or prospectus of the Company for the Rights Issue or other announcements or circulars in connection with the Rights Issue.

The Company shall use all reasonable endeavours to procure the fulfilment of the above conditions by the respective dates specified above. If any of the conditions above are not fulfilled, the Rights Issue will not proceed.

## **THE PLACING AGREEMENT**

On 8 April 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 procure Placee(s), on a best efforts basis, to subscribe for the Unsubscribed Rights Shares under the Specific Mandate.

Details of the Placing Agreement are as follows:

Date : 8 April 2024 (after trading hours of the Stock Exchange)

Placing Agent : China Demeter Securities Limited was appointed as the Placing Agent to procure, on a best efforts basis, Placees to subscribe for the Unsubscribed Rights Shares.

The Placing Agent confirmed that each of it and its ultimate beneficial owner(s) is independent of and not connected with the Company and its connected persons or any of their respective associates.

Placing fee : 2.5% of the aggregate placing price of the Unsubscribed Rights Shares successfully placed by or on behalf of the Placing Agent.

Placing price : The placing price of the Unsubscribed Rights Shares shall be not less than the Subscription Price.



- Placees : The Unsubscribed Rights Shares are expected to be placed to the Placee(s) who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies).
- Ranking : Unsubscribed Rights Shares shall rank *pari passu* in all respects among themselves and with the Shares then in issue.
- Condition Precedent : The obligations of the Placing Agent and the Company under the Placing Agreement are conditional upon, among others, the following conditions being fulfilled (or being waived by the Placing Agent in writing, if applicable):
- (1) the passing by the Shareholders (or the Independent Shareholders, as the case may be) at the EGM of the necessary resolution(s) to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares and the grant of the Specific Mandate for the allotment and issue of the Unsubscribed Rights Shares) by no later than the date on which the Prospectus Documents are posted;
  - (2) the Listing Committee of the Stock Exchange having granted or having agreed to grant the listing of, and permission to deal in the Rights Shares in their nil-paid and fully-paid forms;
  - (3) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained;

- (4) the Placing Agreement not having been terminated in accordance with the provisions thereof, including provisions regarding the force majeure events; and
- (5) the posting of copies of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus to the Excluded Shareholders for information purpose only.

Placing Completion Date : The third Business Day after the Latest Placing Time or such other date as the Company and the Placing Agent may agree in writing.

Termination : If, prior to the Latest Placing Time:

- (1) in the reasonable opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by:
  - (a) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Placing; or

- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof), of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
  - (c) any materially adverse change in the business or in the financial or trading position of the Group as a whole; or
  - (d) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or
- (2) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions which includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs in Hong Kong, the United States of America or the PRC which in the reasonable opinion of the Placing Agent makes it inexpedient or inadvisable to proceed with the Placing,

the Placing Agent shall be entitled, without any liability to the Company, by notice in writing to the Company served prior to the Latest Placing Time, to terminate the Placing Agreement.

The terms of the Placing Agreement (including the placing fee) were determined after arm's length negotiation between the Placing Agent and the Company and are on normal commercial terms. The Directors consider that the placing fee charged by the Placing Agent is no less favourable to the Company than the market rate in recent placing transactions and are therefore of the view that the terms of the Placing Agreement are on normal commercial terms.

The net proceeds from the Placing will be utilized for the same purposes as described in the section headed "Reasons for the Rights Issue and Use of Proceeds" in this announcement.

The Placing Agent shall ensure that the Placing Shares are placed (i) only to institutional, corporate or individual investors who and whose ultimate beneficial owners shall be Independent Third Parties; (ii) such that no Placee shall become a substantial shareholder immediately following the Placing; (iii) such that the Placing will not have any implication under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing; and (iv) such that the Placing will not result in the Company incapable of complying with the Public Float Requirements under the Listing Rules immediately following the Placing. The Company will continue to comply with the Public Float Requirements under Rule 8.08 of the Listing Rules and the Placing will not have any implication under the Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing.

Given that the Placing Agreement would provide (1) a distribution channel of the Unsubscribed Rights Shares to the Company; and (2) channel of participation in the Rights Issue for independent investors, the Board considered that the Placing Agreement is fair and reasonable and would provide adequate safeguard to protect the interest of the Company's minority Shareholders.

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

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

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

**Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing Agreement may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

**The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. If there is an undersubscription of the Rights Issue as a result of Untaken Rights not being fully taken up by Qualifying Shareholders or transferees of nil-paid Rights Shares, and the Unsubscribed Rights Shares are not fully placed by the Placing Agent, the size of the Rights Issue will be reduced accordingly. Investors are advised to exercise caution when dealing in the Shares.**

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

## **CLOSURE OF REGISTER OF MEMBERS**

**The register of members of the Company will be closed from Friday, 14 June 2024 to Thursday, 20 June 2024 (both dates inclusive) for the purpose of determining entitlements to the Rights Issue. During this period, no transfer of Shares will be registered.**

## EXPECTED TIMETABLE

<b>Event</b>	<b>Time and Date (Hong Kong time)</b>
Expected date of dispatch of the Circular together with the notice of the EGM and proxy form for the EGM . . . . .	Wednesday, 22 May 2024
Latest time for lodging transfer of Shares in order to qualify for attending and voting at the EGM . . . . .	4:00 p.m. on Friday, 31 May 2024
Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the EGM (both days inclusive) . . . . .	Monday, 3 June 2024 to Friday, 7 June 2024
Latest time for lodging proxy forms for the EGM . . . . .	11:00 a.m. on Wednesday, 5 June 2024
Record date for attendance and voting at the EGM . . . . .	Friday, 7 June 2024
Expected date and time of the EGM . . . . .	11:00 a.m. on Friday, 7 June 2024
Announcement of the poll results of the EGM . . . . .	Friday, 7 June 2024
Register of members of the Company re-opens . . . . .	Tuesday, 11 June 2024
Last day of dealings in the Shares on a cum-rights basis of the Rights Issue . . . . .	Tuesday, 11 June 2024
First day of dealings in the Shares on an ex-rights basis of the Rights Issue . . . . .	Wednesday, 12 June 2024
Latest time for lodging transfer of Shares in order to qualify for the Rights Issue . . . . .	4:00 p.m. on Thursday, 13 June 2024

<b>Event</b>	<b>Time and Date (Hong Kong time)</b>
Register of members of the Company closes for determining entitlements to the Rights Issue (both days inclusive) . . . . .	Friday, 14 June 2024 to Thursday, 20 June 2024
Record Date . . . . .	Thursday, 20 June 2024
Register of members of the Company re-opens . . . . .	Friday, 21 June 2024
Despatch of the Prospectus Documents . . . . .	Friday, 21 June 2024
First day of dealings in nil-paid Rights Shares . . . . .	Tuesday, 25 June 2024
Latest time for splitting of PALs . . . . .	4:00 p.m. on Thursday, 27 June 2024
Last day of dealings in nil-paid Rights Shares . . . . .	Wednesday, 3 July 2024
Latest Time for Acceptance of and payment for the Rights Shares and application for and payment for excess Rights Shares . . . . .	4:00 p.m. on Monday, 8 July 2024
Announcement of the results of the Rights Issue including the results of under excess applications and the number of Unsubscribed Rights Shares subject to the Placing . . . . .	Wednesday, 10 July 2024
Commencement of placing of Unsubscribed Rights Shares by the Placing Agent (if there are any available) . . . . .	Thursday, 11 July 2024
Latest time of placing of Unsubscribed Rights Shares by the Placing Agent . . . . .	6:00 p.m. on Wednesday, 17 July 2024
Latest Time for termination of the Placing Agreement and for the Rights Issue to become unconditional . . . . .	6:00 p.m. on Wednesday, 17 July 2024
Placing Completion Date . . . . .	Monday, 22 July 2024

<b>Event</b>	<b>Time and Date (Hong Kong time)</b>
Rights Issue settlement date . . . . .	Monday, 22 July 2024
Announcement of results of the placing of the Unsubscribed Rights Shares by the Placing Agent . . . . .	Monday, 22 July 2024
Despatch of refund cheques for wholly or partially unsuccessful excess applications, if any . . . . .	Tuesday, 23 July 2024
Despatch of share certificates for fully-paid Rights Shares . . . . .	Tuesday, 23 July 2024
Commencement of dealings in the fully-paid Rights Shares . . . . .	9:00 a.m. on Wednesday, 24 July 2024

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

Dates or deadlines specified in the expected timetable above or in other parts of this announcement are indicative only and may be extended 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 OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE**

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

- (a) if a tropical cyclone warning signal no. 8 or above, a black rainstorm warning and/or Extreme Conditions is in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the day on which the Latest Time for Acceptance is initially scheduled to fall, the Latest Time for Acceptance be extended to 5:00 p.m. on the same Business Day; or



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

If the Latest time for Acceptance does not take place on or before 4:00 p.m. on Monday, 8 July 2024, the dates mentioned in the section headed “Expected timetable” in this announcement may be affected. An announcement will be made by the Company in such event.

## SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Rights Issue (assuming all Shareholders have taken up their entitled Rights Shares); and (iii) immediately after completion of the Rights Issue assuming none of the Shareholders have taken up any of their entitlement to Rights Shares with all the Placing Shares placed to Independent Third Parties under the Placing, for illustration purposes only:

Assuming there are no changes in the share capital of the Company on or before the Record Date:

	As at the date of this announcement		Immediately after completion of the Rights Issue assuming all Shareholders take up their respective entitlements to the Rights Shares in full		Immediately after completion of the Rights Issue assuming none of the Shareholders have taken up any of their entitlement to Rights Shares with all the Placing Shares placed to Independent Third Parties under the Placing	
	Number of Shares held	Approximate %	Number of Shares held	Approximate %	Number of Shares held	Approximate %
Ming Hung Fung Company Limited <sup>(Note 1)</sup>	72,000,000	23.58%	216,000,000	23.58%	72,000,000	7.86%
Placees <sup>(Note 2)</sup>	–	–	–	–	610,714,104	66.67%
Other Public Shareholders	<u>233,357,052</u>	<u>76.42%</u>	<u>700,071,156</u>	<u>76.42%</u>	<u>233,357,052</u>	<u>25.47%</u>
Total	<u>305,357,052</u>	<u>100.00%</u>	<u>916,071,156</u>	<u>100.00%</u>	<u>916,071,156</u>	<u>100.00%</u>

*Notes:*

1. These Shares are held by Ming Hung Fung Company Limited which is 100% owned by Mr. Liu Dong. By virtue of the SFO, Mr. Liu Dong is deemed to be interested in the Shares held by Ming Hung Fung Company Limited.
2. Pursuant to the terms of the Placing Agreement, the Placing Shares are expected to be placed to placee(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies). None of the placees will become a substantial shareholder of the Company immediately following the Placing and will not trigger any GO Obligation.

## **REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS**

The Company is an investment holding company. The principal activities of the Group are (i) property development and investment; and (ii) trading of raw sugar.

The estimated net proceeds of the Rights Issue and the Placing (after deduction of expenses) if the Rights Issue is subscribed in full is expected to amount to approximately HK\$89.3 million (assuming no change in the number of Shares in issue on or before the Record Date).

Assuming full subscription under the Rights Issue, the Company intends to apply the net proceeds of approximately HK\$89.3 million as follows:

- (a) Approximately HK\$46,200,000 (being approximately 51.74% of the net proceeds) is intended to be used for the settlement of prolonged construction cost, the trade and other payables to the main contractor and other contract liabilities for the Second Miaoming Project in 2024 and beyond. The Group has been developing and operating two property development projects located in Maoming City, Guangdong Province, the PRC. The first Maoming project has been developed into a composite of residential and commercial properties in three phases (the “First Maoming Project”). Majority of the commercial and residential properties of the First Maoming Project had been delivered in 2019 and most of the proceeds from sales of the First Maoming Project has been used in the development of the second Maoming Project situated at Maoming Jixiang District\* (茂名市吉祥小區)(the “Second Maoming Project”).

On 27 November 2019, Maoming Shang Cheng Real Estate Company Limited\* (茂名上誠置業有限公司)(the “Maoming Shang Cheng Real Estate”), an indirect non-wholly owned subsidiary of the Group, successfully won the bid for land use rights of the Second Maoming Project situated at Maoming Jixiang District\* (茂名市吉祥小區) with a total site area of approximately 29,274.16 square meters at a consideration of approximately RMB241,512,000. When the land acquisition transaction by Maoming Shang Cheng Real Estate was completed in 2020, the Second Maoming Project was planned to be developed into a composite of residential and commercial properties with the following approximate planned areas:

Land site area	29,000 m <sup>2</sup>
Gross saleable area	84,000 m <sup>2</sup>
Residential areas	59,000 m <sup>2</sup>
Commercial areas	25,000 m <sup>2</sup>
Carpark spaces	1,000 units

During the pandemic, construction of the development of Second Maoming Project had been severely delayed, so as to the pre-sales plan. As at December 2023, approximately 60% of the construction had been completed, including the basement, kindergarten and first 2 blocks of residential buildings. Pre-sales of the residential blocks started in June 2022, and pre-sales of the other parts of the project was rescheduled as follows:

Pre-sales of residential properties	Second half of 2024
Pre-sales of apartment properties	Second half of 2024
Pre-sales of commercial properties	Second half of 2024
Pre-sales of car parks and shops	Second half of 2024
Completion and delivery	First half of 2025

Since the onset of the pandemic and up until recently, the Group has faced significant financial challenges resulting from the prolonged construction process of its properties. The primary challenges stem from the construction expenses incurred and the unsettled trade and other payables owed to the relevant contractors involved. As of 31 December 2023, the outstanding amount of trade and other payables which was mainly related to this project amounted to RMB132.3 million.

Typically, the Group relies on pre-sale deposits from property purchasers (recorded in terms of contract liabilities position of the Group) to cover the ongoing construction costs for the subsequent stages of the property project; however, the prolonged construction work and delays in pre-sales have depleted the Group's cash flow resources and had a detrimental impact on its liquidity. This was evident from the relatively low cash level of the Group as of 31 December 2023.

While such liquidity mismatch resulting from the construction work persists, additional funding is necessary not only to sustain operations of the on-going projects but also to fulfill the associated upfront payment obligations to support the development of potential property projects ahead, contingent upon more favorable conditions in the property market.

- (b) Approximately HK\$23,000,000 (being approximately 25.76% of the net proceeds) is intended to be used to repay the borrowing liabilities of the Group. The Group had several interest bearing borrowings amounting to approximately RMB30.0 million in aggregate as at 31 December 2023, which includes a secured loan with outstanding principal of approximately HK\$23,000,000 from a finance company and is secured by the leasehold land and building of the Group, interest-bearing at 13% per annum and repayable on or before 15 November 2024. The Directors believes that repaying such liabilities will enable the Group to release its pledge on the relevant collateral and improve its gearing ratio. By doing so, the Group can potentially negotiate better terms with banks and other financial institutions. This strategic move aims to improve the Group's financial position and provide opportunities for more favorable financing arrangements.
- (c) Approximately HK\$12,000,000 (being approximately 13.44% of the net proceeds) is intended to be used as deposit for trading of raw cane sugar and as investment in the food supply chain to support the trading of raw cane sugar. The Group has been engaged in trading of raw sugar since 2014, where, the revenue generated from trading of raw cane sugar amounted to approximately RMB27,663,000 for the year ended 31 December 2020. In response to the volatile and challenging market conditions caused by the COVID-19 pandemic, the Group has chosen to temporarily suspend its trading of raw cane sugar from 2021 to 2023. This decision was made due to the significant fluctuations in the global market for raw cane sugar, which have made it increasingly difficult to achieve profitable returns from trading activities.

As the global economy gradually recovers from the pandemic, different industries are experiencing varying rates of recovery. In 2024, the demand for domestic raw cane sugar is being influenced by several factors, including the improved pandemic situation in China, adjustments to prevention and control policies, and the lifting of border restrictions between countries. The supply of raw cane sugar consumption is closely linked to market demand, which, in turn, impacts domestic raw cane sugar prices.

In light of these market conditions, the Group has conducted a thorough assessment of the raw cane sugar market. Leveraging the expertise of its management team, the Group has been resuming its business operations and actively soliciting raw sugar cane orders. To support these efforts, a portion of the proceeds will be allocated to upfront payments required for the trading of raw sugar cane business.

- (d) Approximately HK\$8,100,000 (being approximately 9.07% of the net proceeds) is intended to be used for the general working capital of the Group.

In the event of an undersubscription of the Rights Issue, the net proceeds will be utilised on a pro-rata basis as set out above.

Apart from the Rights Issue, the Directors have also explored other debt or equity fundraising alternatives such as bank borrowings, placing or an open offer. The Directors note that the credit lines provided by bank borrowings is very limited and requires collateral. If available, the expected size of bank borrowing required by the Group likely carry additional interest costs and create further pressure to the liquidity and profitability of the Group, and placing of new shares dilutes the interests of existing Shareholders without giving them the opportunity to take part in the exercise. As opposed to an open offer, the Rights Issue enables the Shareholders to sell the Nil-Paid Rights Shares 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 Group. Having considered the above alternatives, the Directors are of the view that the Rights Issue is in the best interests of the Company and the Shareholders as a whole and that the Rights Issue is an appropriate fundraising method to strengthen the capital base of the Company, which in turn will support the Company's continuing development and business growth, while allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company.

## FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

Set out below is the fundraising activities conducted by the Company during the past twelve months immediately prior to the date of this announcement:

<b>Date of announcement</b>	<b>Fund-raising activities</b>	<b>Net proceeds</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds as at the date of this announcement</b>
6 March 2024	Placing of new Shares under general mandate	HK\$6.88 million	The Directors intend to use the net proceeds for repayment of outstanding liabilities and general working capital of the Group, which shall be applied on, including, staff cost, professional fees, rental payments and general administrative and operating expenses of the Group.	The net proceeds have been fully utilized as intended.

Save for the above, the Company has not conducted any other fundraising exercise in the past twelve months immediately prior to the date of this announcement.

## LISTING RULES IMPLICATIONS

Since the Rights Issue will increase the issued share capital of the Company by more than 50%, in accordance with Rule 7.27A(1) of the Listing Rules, the Rights Issue must be made conditional on, amongst other things, the approval by the Independent Shareholders at which any controlling shareholders and their respective associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Rights Issue. The Rights Issue will be carried out in compliance with Rule 7.21(1)(a) of the Listing Rules.

The Placing will be subject to Shareholders' approval. The EGM will be convened and held for the purposes of considering and, if thought fit, approving the Placing Agreement and the transactions contemplated thereunder and the Specific Mandate to allot and issue the Unsubscribed Rights Shares. To the best knowledge of the Directors, no Shareholder is required to abstain from voting at the EGM in respect of the resolution(s) relating to the Placing and the Specific Mandate.

As at the date of this announcement, there are no controlling Shareholders and no Directors or chief executive of the Company, and their respective associates are interested in any Shares.

## **ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Yau Sze Yeung, Mr. Chen Weijiang and Mr. Lee Chun Tung, has been established to advise the Independent Shareholders as to whether the terms of the Rights Issue and the Placing Agreement and the transactions contemplated thereunder, are on normal commercial terms, fair and reasonable, in the interests of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders as to the voting at the EGM, taking into account the recommendations of the Independent Financial Adviser.

The Independent Financial Adviser has been appointed by the Company (with the approval of the Independent Board Committee) to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue and the Placing Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable, in the interests of the Independent Shareholders as a whole, and to advise the Independent Shareholders as to the voting at the EGM.

## **DESPATCH OF CIRCULAR AND PROSPECTUS DOCUMENTS**

The EGM will be convened for the Shareholders to consider and, if thought fit, approve the Rights Issue and the Placing Agreement and the transactions contemplated thereunder. The Circular containing, among other things, (i) the Rights Issue and the Placing Agreement; (ii) a letter of recommendations from the Independent Board Committee in respect of the Rights Issue and the Placing Agreement; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in regard to the aforesaid; (iv) other information required under the Listing Rules; and (v) a notice convening the EGM, will be despatched to the Shareholders on or before Wednesday, 22 May 2024.

Subject to the the Rights Issue and the Placing Agreement and the transactions contemplated thereunder having been approved by the Independent Shareholders at the EGM, the Prospectus Documents will be despatched to the Qualifying Shareholders. The Prospectus will also be despatched to the Excluded Shareholders for information only. For the avoidance of doubt, the Excluded Shareholders are entitled to attend and vote at the EGM.

## **GENERAL**

Subject to the fulfillment of certain conditions of the Rights Issue, the Placing Agreement, the Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders on Friday, 21 June 2024. The Company will despatch the Prospectus to the Excluded Shareholders (if any) to the extent legally permitted for their information only, but the Company will not send the PALs and EAFs to the Excluded Shareholders.

## **DEFINITIONS**

Terms used in this announcement have the following meanings unless the context otherwise requires:

“AFRC”	the Accounting and Financial Reporting Council in Hong Kong
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, Sunday or public holiday or a day on which a typhoon signal no. 8 or above or black rainstorm signal is hoisted or the Extreme Conditions is announced in Hong Kong between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time in effect



“Circular”	a circular of the Company to be despatched to the Shareholders containing, among other things, (i) further information regarding the Rights Issue and the Placing Agreement; (ii) a letter of recommendations from the Independent Board Committee in respect of the Rights Issue and the Placing Agreement; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in regard to the aforesaid; (iv) other information required under the Listing Rules; and (v) a notice convening the EGM
“Company”	China Uptown Group Company Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Stock Exchange (Stock Code: 2330)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company for the time being
“EAF(s)”	the excess application form(s) for use by the Qualifying Shareholders who wish to apply for Rights Shares in excess for their provisional entitlements under the Rights Issue
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Rights Issue and the Placing Agreement and the transactions contemplated thereunder including the grant of the Specific Mandate for the allotment and issue of the Unsubscribed Rights Shares

“Excluded Shareholder(s)”	the Overseas Shareholder(s) whom the Directors, after making enquiries regarding the legal restrictions under the laws of the relevant places or the requirements of the relevant overseas regulatory bodies or stock exchanges, consider it necessary or expedient to exclude them from the Rights Issue
“Extreme Conditions”	extreme conditions including but not limited to serious disruption of public transport services, extensive flooding, major landslides or large-scale power outage after super typhoons as announced by the government of Hong Kong
“GO Obligation”	the obligation to make a general offer under Rule 26 of the Takeovers Code
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company comprising all independent non-executive Directors who have no direct or indirect interest in the Rights Issue and the Placing Agreement, which will be established to advise the Independent Shareholders on the Rights Issue and the Placing Agreement
“Independent Financial Adviser”	Grand Moore Capital Limited, a corporation licensed by the Securities and Futures Commission to conduct Type 6 (advising on corporate finance) regulated activities under the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders

“Independent Shareholder(s)”	the Shareholder(s) who are not required to abstain from voting at the EGM under the Listing Rules
“Independent Third Party(ies)”	any individual(s) or company(ies) not being the connected persons (as defined under the Listing Rules) of the Company, independent of the Company and its connected persons and not connected with any of them or their respective associate(s)
“Last Trading Day”	8 April 2024, being the last trading day of the Shares on the Stock Exchange before the release of this announcement
“Latest Placing Time”	6:00 p.m. on Wednesday, 17 July 2024
“Latest Time for Acceptance”	4:00 p.m. on Monday, 8 July 2024 (or such later time or date as may be determined by the Company), being the last day for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares
“Listing Committee”	has the same meaning ascribed to it under the Listing Rules
“Listing Rules”	the rules governing the listing of securities on the Stock Exchange
“Overseas Shareholder(s)”	Shareholder(s) (whose names appear on the register of members of the Company at the close of business on the Record Date) with registered address(es) 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)”	professional, institutional, corporate or other investor(s), procured by the Placing Agent to subscribe for any of the Unsubscribed Rights Shares pursuant to the Placing Agreement

“Placing”	the offer by way of private placing of the Unsubscribed Rights Shares by the Placing Agent and/or its sub-placing agents to the Placees on the terms and subject to the conditions of the Placing Agreement
“Placing Agent”	China Demeter Securities Limited, a licensed corporation to carry on business in Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activity under the SFO
“Placing Agreement”	the placing agreement dated 8 April 2024 and entered into between the Company and the Placing Agent in relation to the Placing on a best effort basis
“Placing Shares”	the Unsubscribed Rights Shares placed to the placee(s) by the Placing Agent
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus (including any supplementary prospectus, if any) to be despatched to the Qualifying Shareholders (and the Excluded Shareholder(s) for information only) in connection with the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL and the EAF
“Prospectus Posting Date”	Friday, 21 June 2024 or such other date as may be determined by the Company, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders (or in case of Excluded Shareholder(s), the Prospectus only)
“Qualifying Shareholder(s)”	Shareholder(s), whose names appear on the register of members of the Company as at the Record Date, other than the Excluded Shareholder(s)

“Record Date”	Thursday, 20 June 2024 (or on such other date as the Company may determine), being the date by reference to which the Shareholders’ entitlements to the Rights Issue will be determined
“Registrar”	Union Registrars Limited, the Hong Kong branch share registrar and transfer office of the Company
“Rights Issue”	the proposed issue by way of rights on the basis of two (2) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date at the Subscription Price
“Rights Shares”	the new Share(s) proposed to be allotted and issued by the Company pursuant to the Rights Issue
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	the specific mandate to be granted by Shareholders at the EGM to allot and issue a maximum of 610,714,104 Unsubscribed Rights Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.15 per Rights Share
“substantial shareholder(s)”	has the same meaning ascribed thereto under the Listing Rules

“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Unsubscribed Rights Shares”	unsubscribed Rights Shares as a result of the Untaken Rights not being taken up by the Qualifying Shareholders by way of excess applications
“%”	per cent

By order of the Board  
**China Uptown Group Company Limited**  
**Pan Shimin**  
*Chairman*

Hong Kong, 8 April 2024

*As at the date of this announcement, the executive Directors are Mr. Pan Shimin, Mr. Chen Xian, Mr. Zhang Xiao Jun and Mr. Liang Zhichao; and the independent non-executive Directors are Mr. Yau Sze Yeung, Mr. Chen Weijiang and Mr. Lee Chun Tung.*

*\* For identification purpose only*