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Kafelaku Coffee Holding Limited

貓屎咖啡控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1869)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent

PineStone 鼎石

On 14 May 2024 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best efforts basis, up to 221,020,000 Placing Shares at the Placing Price of HK\$0.144 per Placing Share to not less than six Placee(s) who are individual, institutional or other professional investors that are third parties independent of the Company and its connected persons. The Placing Shares will be allotted and issued pursuant to the General Mandate.

Assuming there will be no change in the issued share capital of the Company between the date of this announcement and the date of completion of the Placing, the maximum number of 221,020,000 Placing Shares under the Placing represents (i) approximately 20% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares in full.

The Placing Price of HK\$0.144 per Placing Share represents (i) a discount of approximately 19.10% to the closing price of HK\$0.1780 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 19.82% to the average closing price of HK\$0.1796 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

Assuming that all the Placing Shares are fully placed, the estimated gross proceeds and net proceeds (after deducting the placing commission and other related expenses and professional fees) from the Placing will amount to approximately HK\$31.83 million and approximately HK\$30.94 million, respectively.

The Company intends to apply the net proceeds from the Placing for (i) the development of civet coffee business in the PRC and Hong Kong; and (ii) the business operation and general working capital of the Group.

Given that completion of the Placing, which is subject to fulfillment of the conditions under the Placing Agreement, may or may not take place, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

THE PLACING

On 14 May 2024 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, up to 221,020,000 Placing Shares at the Placing Price of HK\$0.144 per Placing Share.

THE PLACING AGREEMENT

The principal terms of the Placing Agreement are set out below:

Date

14 May 2024 (after trading hours)

Parties

Issuer: the Company

Placing Agent: Pinestone Securities Limited

The Placing Agent is a company established in Hong Kong with limited liability and a licensed corporation to carry on business in type 1 (dealing in securities) regulated activity under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong). Pinestone Securities is an indirect wholly-owned subsidiary of Pinestone Capital Limited, the shares of which are listed on the Main Board of the Stock Exchange, with stock code: 804. Mr. Wong Chun Peng Stewart, the independent non-executive Director, also serves as an independent non-executive director of Pinestone Capital Limited. Save as disclosed above, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Placing

The Placing Agent has conditionally agreed to procure, as agent of the Company, the placing to not less than six Placee(s) who are individual, institutional or other professional investors that are third parties independent of the Company and its connected persons, for up to 221,020,000 Placing Shares at the Placing Price of HK\$0.144 per Placing Share on a best effort basis. It is expected that none of the Placees nor their associates will become a substantial shareholder of the Company immediately upon the completion of the Placing. The Placing Agent will receive a placing commission of 1.5% of the aggregate amount equal to the Placing Price multiplied by the actual number of Placing Shares placed by the Placing Agent (i.e. the gross proceeds from the Placing). The placing commission payable to the Placing Agent under the Placing Agreement is arrived at after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market commission rate for similar transactions. The Directors are of the view that the placing commission is fair and reasonable.

Number of Placing Shares

Assuming there will be no change in the issued share capital of the Company between the date of this announcement and the date of completion of the Placing, the maximum number of 221,020,000 Placing Shares under the Placing represents (i) approximately 20% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares in full. The maximum aggregate nominal value of the Placing Shares under the Placing will be HK\$2,210,200.

Placing Price

The Placing Price of HK\$0.144 per Placing Share represents:

- (i) a discount of approximately 19.10% to the closing price of HK\$0.1780 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a discount of approximately 19.82% to the average closing price of HK\$0.1796 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding to the date of the Placing Agreement.

The Placing Price was determined on an arm's length basis between the Company and the Placing Agent and with reference to the recent market price of the Shares and the prevailing market conditions. The Directors consider that the Placing Price is fair and reasonable based on the current market conditions.

The estimated expenses of the Placing are approximately HK\$0.89 million, including the placing commission and other fees, costs, charges and expenses of the Placing. Assuming all the Placing Shares are successfully placed, the net Placing Price will be approximately HK\$0.1400 per Placing Share.

Conditions of the Placing

Completion of the Placing Agreement is conditional upon:

- (i) the Listing Committee of the Stock Exchange agreeing to grant a listing of and permission to deal in the Placing Shares (either unconditionally or subject to conditions which are acceptable to the Company and the Placing Agent); and
- (ii) no representation, warranty or undertaking under the Placing Agreement having been breached in any material respect by the Company or is otherwise rendered inaccurate, untrue or misleading in any material respect, in each case on or prior to the Completion Date.

None of the above conditions can be waived. In the event of the above conditions not having been fulfilled by the Long Stop Date, all rights, obligations and liabilities of the Company and the Placing Agent in relation to the Placing shall cease and determine and none of the parties shall have any claim against the other in respect of the Placing, save for any antecedent breaches of the Placing Agreement.

Completion of the Placing

Completion of the Placing will take place not later than the fourth Business Day after the fulfilment of the conditions as set out above or such later date as may be agreed between the Company and the Placing Agent in writing (the “**Completion Date**”).

Termination of the Placing Agreement

The Placing Agent may after consultation with the Company terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is received prior to noon on the Completion Date:

- (i) 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 world, in the opinion of the Placing Agent, be likely to prejudice materially the consummation of the Placing; or
- (ii) any material breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Completion Date 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 provisions of the Placing Agreement; or

- (iii) any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise.

APPLICATION FOR LISTING

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS

The Group is a Chinese restaurant group delivering Cantonese cuisine, Chinese banquet and dining services, and is currently developing a civet coffee business with a view to expanding its catering services.

Assuming that all the Placing Shares are fully placed, the estimated gross proceeds and net proceeds (after deducting the placing commission and other related expenses and professional fees) from the Placing will amount to approximately HK\$31.83 million and approximately HK\$30.94 million, respectively. Assuming the Placing Shares are fully placed, the net placing price will be approximately HK\$0.1400 per Placing Share. The Company intends to use such net proceeds from the Placing in the following manner:

- (i) approximately 60%, or HK\$18.56 million, will be used for the development of civet coffee business in the PRC and Hong Kong; and
- (ii) approximately 40%, or HK\$12.38 million, will be used for business operation and general working capital of the Group, among others, staff costs, office rental, and general administrative and operating expenses.

The Directors (excluding Mr. Wong Chun Peng Stewart who abstained from voting on the board resolution approving the Placing Agreement by virtue of his common directorship in the Company and Pinestone Capital Limited) are of the view that the Placing will (i) strengthen the Group's financial position, (ii) equip the Group with enhanced financial capability and flexibility for the business development of civet coffee business, and (iii) broaden the Company's shareholder base.

The Directors (excluding Mr. Wong Chun Peng Stewart who abstained from voting on the board resolution approving the Placing Agreement by virtue of his common directorship in the Company and Pinestone Capital Limited) consider that the terms of the Placing Agreement are fair and reasonable and the Placing is in the interests of the Company and the Shareholders as a whole.

GENERAL MANDATE

The Placing is not subject to the Shareholders' approval as the Placing Shares will be allotted and issued under the General Mandate. Pursuant to the General Mandate, the Directors were authorised to allot and issue up to 221,020,000 Shares, representing 20% of the number of Shares in issue on the date of passing such resolution. As at the date of this announcement, no Shares have been issued under the General Mandate and the total number of new Shares that can be allotted and issued under the General Mandate is therefore 221,020,000 Shares. The General Mandate is sufficient for the allotment and issue of the Placing Shares.

RANKING OF PLACING SHARES

The Placing Shares, when allotted and issued, will be free from all encumbrances and rank *pari passu* in all respects with the existing Shares in issue on the date of allotment and issue of the Placing Shares.

FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST TWELVE MONTHS

The Company has not conducted any other fund-raising activities involving the issue of its equity securities in the 12 months immediately preceding the date of this announcement.

CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming all the Placing Shares are placed, set out below are the shareholding structures of the Company (i) as at the date of this announcement; and (ii) immediately upon completion of the Placing (assuming that there will be no other change in the issued share capital of the Company since the date of this announcement up to the date of completion of the Placing) respectively:

	Shareholding as at the date of this announcement		Shareholding immediately upon completion of the Placing	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Kafelaku Coffee Industrial Limited (“ Kafelaku Industrial ”) (<i>Note 1</i>)	564,993,860	51.13	564,993,860	42.61
The Placees (<i>Note 2</i>)	–	–	221,020,000	16.67
Other public Shareholders	540,106,140	48.87	540,106,140	40.72
Total:	1,105,100,000	100.00	1,326,120,000	100.00

Notes:

1. Kafelaku Industrial is wholly owned by Mr. Liang Naiming, the executive Director and the chairman of the Company.

2. For illustration purposes only. It is expected that none of the Placees will become a substantial Shareholder upon completion of the Placing.

Given that completion of the Placing, which is subject to fulfillment of the conditions under the Placing Agreement, may or may not take place, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 20 June 2023
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day on which banks in Hong Kong are open for business, other than (i) a Saturday or a Sunday; or (ii) a day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon on which banks generally are open for business in Hong Kong
“Company”	Kafelaku Coffee Holding Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted to the Directors to allot, issue and deal with not more than 221,020,000 new Shares by the Shareholders at the AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China

“Listing Committee”	has the meaning ascribed thereto in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	4 June 2024 or such later date as the parties to the Placing Agreement may agree in writing
“Placee(s)”	any person or entity whom the Placing Agent has procured to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of the Placing Shares by the Placing Agent on a best effort basis pursuant to the terms and conditions of the Placing Agreement
“Placing Agent”	Pinestone Securities Limited (鼎石證券有限公司), a licensed corporation to carry on business in type 1 (dealing in securities) regulated activity under the SFO
“Placing Agreement”	the conditional placing agreement dated 14 May 2024 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.144 per Placing Share
“Placing Share(s)”	means up to 221,020,000 new Shares to be placed under the Placing
“PRC”	the People’s Republic of China
“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 Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“substantial shareholder(s)” has the meaning ascribed to it in the Listing Rules

“%” per cent.

By order of the Board
Kafelaku Coffee Holding Limited
Liang Naiming
Chairman

Hong Kong, 14 May 2024

As at the date of this announcement, the executive Directors are Mr. Liang Naiming and Mr. Ma Xiaoping; the non-executive Director is Mr. Cui Zifeng; and the independent non-executive Directors are Mr. Wong Chun Peng Stewart, Mr. Liu Huaiyu and Mr. So Ting Kong.