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TONG KEE (HOLDING) LIMITED

棠記（控股）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8305)

**(1) MAJOR TRANSACTION IN RELATION TO
ACQUISITION OF THE ENTIRE EQUITY INTEREST
IN THE TARGET COMPANY
INVOLVING ISSUE OF CONSIDERATION SHARES
UNDER SPECIFIC MANDATE;
AND
(2) PLACING OF NEW SHARES UNDER SPECIFIC MANDATE**

Financial adviser to the Company



Placing Agent



THE ACQUISITION

The Board is pleased to announce that on 19 October 2021 (after trading hours of the Stock Exchange), the Company entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Company has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the Sale Share, representing the entire equity interest in the Target Company, at a total Consideration of HK\$24.0 million.

The Consideration shall be satisfied (i) as to HK\$18.5 million by allotting and issuing to the Vendor an aggregate of 185,000,000 Consideration Shares, credited as fully paid, at the Issue Price of HK\$0.10 per Consideration Share; and (ii) the remaining balance of HK\$5.5 million by way of cash.

As at the date of this announcement, the Target Company is wholly-owned by the Vendor. Upon the Acquisition Completion, the Company will be interested in the entire issued share capital of the Target Company. As such, the Target Company will become a wholly-owned subsidiary of the Company and the financial information of the Target Group will be consolidated into the consolidated financial statements of the Group.

The Acquisition Completion is subject to, among other things, the Placing having been completed with net proceeds of not less than HK\$5.5 million.

THE PLACING OF NEW SHARES UNDER SPECIFIC MANDATE

On 19 October 2021 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has conditionally agreed to procure, as agent of the Company, not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties, to subscribe for up to 65,000,000 Placing Shares at the Placing Price of HK\$0.10 per Placing Share on a best effort basis.

The Placing Completion is subject to, among other things, the Sale and Purchase Agreement having become unconditional in all respects (other than the Placing Completion).

The maximum number of Placing Shares under the Placing represents: (a) approximately 8.13% of the existing issued share capital of the Company as at the date of this announcement; and (b) approximately 6.19% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the Placing Shares (assuming that there will be no change to the issued share capital of the Company from the date of this announcement to the date of Acquisition Completion and the Placing Completion). The aggregate nominal value of the maximum number of Placing Shares under the Placing will be HK\$650,000.

The Placing Price of HK\$0.10 per Placing Share represents (a) a discount of approximately 20.00% to the closing price of HK\$0.125 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (b) a discount of approximately 22.48% to the average closing price of HK\$0.129 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Placing Agreement.

Subject to the Placing Completion and assuming all the Placing Shares are successfully placed, the maximum gross proceeds from the Placing are expected to be approximately HK\$6.5 million; and the net proceeds (after deducting related costs and expenses of the Acquisition and the Placing) from the Placing are estimated to be approximately HK\$5.5 million. On such basis, the maximum net issue price raised per Placing Share will be approximately HK\$0.085. The Company intends to apply the entire net proceeds from the Placing of approximately HK\$5.5 million for the partial settlement of the Consideration.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) (as defined under the GEM Listing Rules) in respect of the Acquisition exceed(s) 25% but is/are less than 100%, the Acquisition constitutes a major transaction on the part of the Company and is subject to the notification, announcement and Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

The Company will seek the Shareholders' approval at the EGM for the grant of the Shares Specific Mandate and the Placing Specific Mandate to allot and issue the Consideration Shares and the Placing Shares, respectively.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, pass the ordinary resolution(s) to approve, among other things, (i) the Sale and Purchase Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Consideration Shares under the Shares Specific Mandate); and (ii) the Placing Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Placing Shares under the Placing Specific Mandate).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Acquisition or the Placing, and therefore no Shareholder is required to abstain from voting on the relevant resolution(s) in respect of the Sale and Purchase Agreement and the Placing Agreement and the respective transactions contemplated thereunder to be proposed at the EGM.

A circular containing, among other things, (i) further information relating to the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) further information relating to the Placing Agreement and the transactions contemplated thereunder; (iii) the financial information of the Group and the Target Group; (iv) unaudited pro forma financial information of the enlarged Group; and (v) the notice of the EGM, is expected to be despatched to the Shareholders on or before 16 November 2021 as additional time is required for the preparation of the relevant information to be included in the circular.

Each of the Acquisition Completion and the Placing Completion is conditional upon the satisfaction of the conditions precedent set out in the Sale and Purchase Agreement and the Placing Agreement, respectively. Accordingly, the Acquisition and the Placing may or may not proceed. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the securities of the Company.

THE ACQUISITION

The Board is pleased to announce that on 19 October 2021 (after trading hours of the Stock Exchange), the Company entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Company has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the Sale Share, representing the entire equity interest in the Target Company, at a total Consideration of HK\$24.0 million.

THE SALE AND PURCHASE AGREEMENT

Date: 19 October 2021

Parties: (1) the Company; and
(2) the Vendor

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owner is an Independent Third Party.

Asset to be acquired

Pursuant to the terms and conditions of the Sale and Purchase Agreement, the Vendor has conditionally agreed to sell, and the Company has conditionally agreed to purchase, the Sale Share, representing the entire equity interest in the Target Company.

Consideration

The Consideration is HK\$24.0 million, which shall be satisfied by the Company in the following manner:

- (a) as to HK\$18.5 million by allotting and issuing to the Vendor an aggregate of 185,000,000 Consideration Shares, credited as fully paid, at the Issue Price of HK\$0.10 per Consideration Share upon the Acquisition Completion; and
- (b) the remaining balance of HK\$5.5 million (the "**Remaining Consideration**") by way of cash immediately upon the Acquisition Completion.

The Consideration was determined after arm's length negotiations between the Company and the Vendor on normal commercial terms, after considering, among other things, (i) the preliminary valuation of the Target Company of approximately HK\$25,377,000 as at 30 September 2021 based on the market approach compiled by an independent professional valuer; (ii) the unaudited consolidated assets and liabilities of Projexasia as at 31 July 2021; and (iii) other factors as set out in the section headed "Reasons for and benefits of the Acquisition" in this announcement. The cash portion of the Consideration will be entirely funded by the net proceeds from the Placing.

Conditions precedent to the Acquisition

The Acquisition Completion shall be conditional upon and subject to:

- (a) the Company being satisfied with the results of the due diligence review on the Target Group to be conducted under the Sale and Purchase Agreement;
- (b) all necessary consents and approvals required to be obtained on the part of the Vendor, the Target Company, Projexasia and the Joint Venture (if applicable) in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder having been obtained and remain in full force and effect;
- (c) all necessary consents and approvals required to be obtained on the part of the Company in respect of (i) the Sale and Purchase Agreement and the transactions contemplated thereunder; and (ii) the Placing Agreement and the transactions contemplated thereunder, having been obtained and remain in full force and effect;
- (d) the passing by the Shareholders at the EGM to be convened and held in accordance with the requirements of the GEM Listing Rules, of such resolution(s) to approve the Sale and Purchase Agreement and the transactions contemplated thereunder, including but not limited to the grant of the Shares Specific Mandate and the allotment and issue of the Consideration Shares;
- (e) the GEM Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Consideration Shares;
- (f) the GEM Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Placing Shares;
- (g) the Placing having been completed with net proceeds of not less than HK\$5.5 million;
- (h) a written indication from the Bank, which grants an approval in-principle for the full discharge and release of Mr. Grant's liabilities and obligations under the Personal Guarantees subject to the execution of the Corporate Guarantee upon the Acquisition Completion, and states that such approval in-principle is approved by such relevant department or division of the Bank which has the authority to make the final approval on the release of the Personal Guarantees, or in such other form mutually acceptable to both the Company and the Vendor, together with the form/template of the Corporate Guarantee that is required to be signed by the Company, having been obtained; and

- (i) the warranties made by the Vendor to the Company under the Sale and Purchase Agreement remaining true and accurate and not misleading in all material respects.

The Company may at its absolute discretion at any time waive in writing any of the Acquisition Conditions (a) and (i) and such waiver may be made subject to such terms and conditions as are determined by the Company. The Vendor may at its absolute discretion at any time waive in writing Acquisition Condition (h) and such waiver may be made subject to such terms and conditions as are determined by the Vendor. All other Acquisition Conditions are incapable of being waived by any parties. If the Acquisition Conditions set out above have not been satisfied (or as the case may be, waived by the Company and/or the Vendor) on or before 4:00 p.m. on 31 March 2022 (or such later date as the Vendor and the Company may agree in writing), the Sale and Purchase Agreement shall cease and be terminated, and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

Consideration Shares

Subject to the fulfillment or waiver (as the case may be) of the Acquisition Conditions as set out in the paragraph headed “Conditions precedent to the Acquisition” above, the Company shall allot and issue 185,000,000 Consideration Shares to the Vendor at the Issue Price to satisfy part of the Consideration upon Acquisition Completion.

The Consideration Shares represent: (a) approximately 23.13% of the issued share capital of the Company as at the date of this announcement; and (b) approximately 17.62% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the Placing Shares (assuming that there will be no change to the issued share capital of the Company from the date of this announcement to the date of Acquisition Completion and the Placing Completion and all Placing Shares are successfully placed by the Placing Agent).

The Consideration Shares shall be issued by the Company pursuant to the Shares Specific Mandate to be sought from the Shareholders at the EGM. The Consideration Shares, when allotted and issued, shall rank *pari passu* in all respects *inter se* and with all other Shares in issue on the date of allotment and issue of the Consideration Shares.

An application will be made to the Stock Exchange by the Company for the listing of, and permission to deal in, the Consideration Shares.

Issue Price

The Issue Price of HK\$0.10 per Consideration Share represents:

- (i) a discount of approximately 20.00% to the closing price of HK\$0.125 per Share as quoted on the Stock Exchange on the date of the Sale and Purchase Agreement; and

- (ii) a discount of approximately 22.48% to the average closing price of approximately HK\$0.129 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Sale and Purchase Agreement.

The Issue Price was determined after an arm's length negotiation between the Company and the Vendor after taking into account factors including the recent market price of the Shares and the current market conditions. The Directors consider that the Issue Price is fair and reasonable.

The Corporate Guarantee

As at the date of this announcement, Mr. Grant provided the Personal Guarantees in favour of the Bank to secure the indebtedness, liabilities and/or obligations of Projexasia under the bank credit facility(ies) granted by the Bank to Projexasia. Pursuant to the terms and conditions of the Sale and Purchase Agreement, subject to the Acquisition Completion, the Company shall execute the Corporate Guarantee in favour of the Bank as security for the payment obligations of Projexasia under the banking facilities made available by the Bank to Projexasia. Upon the Acquisition Completion, in the event that the Bank does not immediately and fully release and discharge Mr. Grant's liabilities and obligations under the Personal Guarantees, the Company undertakes to compensate Mr. Grant on demand from and against any and all reasonable costs, expenses, claims, losses and liabilities which may be incurred or suffered by Mr. Grant on a dollar-for-dollar basis in respect of any obligation or liability of Mr. Grant arising out of the Personal Guarantee(s) for the period commencing from the Acquisition Completion Date and ending on the date of full release and discharge Mr. Grant's liabilities and obligations under the Personal Guarantees.

Acquisition Completion

Acquisition Completion shall take place on the date falling on the fifth Business Day after the fulfillment (or waiver) of all the Acquisition Conditions (or such other date as the Company and the Vendor may agree in writing).

Upon the Acquisition Completion, the Company will be interested in the entire issued share capital of the Target Company. As such, the Target Company will become a wholly-owned subsidiary of the Company and the financial information of the Target Group will be consolidated into the consolidated financial statements of the Group.

EMPLOYMENT CONTRACT

Upon the Acquisition Completion, Projexasia and Mr. Grant shall enter into the Employment Contract, pursuant to which Mr. Grant shall serve as a managing director and director of Projexasia for a fixed term of one (1) year from the Acquisition Completion Date and such employment shall continue thereafter until terminated by giving the other party not less than six months' written notice provided that Projexasia shall not give notice to Mr. Grant to terminate the Employment Contract and/or remove Mr. Grant from being a member of the board of directors of Projexasia before the Personal Guarantees are fully and effectively released by the Bank in writing.

The Board believes that Mr. Grant's continued involvement in the management of Projexasia would ensure the smooth operation of the Target Group following the Acquisition Completion.

INFORMATION ON THE VENDOR

The Vendor is a company incorporated in the British Virgin Islands with limited liability. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is principally engaged in investment holding and is wholly-owned by Mr. Grant.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Vendor and its ultimate beneficial owner is an Independent Third Party.

INFORMATION ON THE TARGET GROUP

The Target Company is a company incorporated in the British Virgin Islands with limited liability on 23 August 2021 and is principally engaged in investment holding. As at the date of this announcement, the Target Company is direct wholly-owned by the Vendor.

Projexasia is a company incorporated in Hong Kong with limited liability and is a direct wholly-owned subsidiary of the Target Company. Projexasia is principally engaged in the provision of construction management services and acting as a management contractor for the provision of repair, maintenance, alteration and addition ("RMAA") works and new construction works.

The Joint Venture is an unincorporated joint venture and is owned as to 50% by Projexasia and 50% by Scenario Cockram Limited, respectively. It is principally engaged in the preparation and submission of tender and execution and completion of the works in accordance with the any contract awarded to the Joint Venture by a theme park operator based in Hong Kong that the Hong Kong Government has interests in, as a result of submission of such tender and the Joint Venture Agreement.

Financial information of the Target Group

The Target Company was incorporated on 23 August 2021. It does not carry on any business other than holding the entire equity interest in Projexasia. Set out below is the financial information of Projexasia, which has included the financial effects of the Joint Venture, based on its audited consolidated financial statements for the two years ended 31 December 2019 and 2020:

	For the year ended	
	31 December	
	2020	2019
	(audited)	(audited)
	HK\$'000	HK\$'000
Revenue	116,627	150,473
Profit/(Loss) before taxation	(11,182)	5,069
Profit/(Loss) after taxation	(11,182)	5,069

The unaudited consolidated total assets, total liabilities and net asset value of Projexasia as at 31 July 2021 according to the unaudited consolidated financial statements of Projexasia were approximately HK\$38.9 million, approximately HK\$36.2 million and approximately HK\$2.7 million, respectively.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Company is an investment holding company, and the Group is principally engaged in performing RMAA works, new construction works and corrosion protection works in Hong Kong as multi-disciplinary contractors.

In recent years, the Group's revenue and profit have been relatively inconsistent mainly due to the impact of exceptional circumstances such as the political turmoil in Hong Kong in 2019 and the novel coronavirus outbreak in Hong Kong in 2020. The construction industry in Hong Kong is also highly competitive with other listed companies principally engaged in a similar business segment as the Group. Within the construction industry, customer relations are crucial to securing contracts and accordingly it is difficult to secure contracts from new customers which the Group has no prior relationship with. As a result of the aforementioned factors, the Directors endeavor to diversify the business of the Group in order to strengthen the market position of the Group in the industry and maximize the return of the Shareholders.

Projexasia, whilst engaged in the same business segment as the Group, has a different customer base from the Group's. Projexasia's customer base is primarily large commercial non-governmental entities such as offices, banks, retail brands, hotels and shopping malls as compared to the Group's customer base of primarily government affiliated entities and non-profit organisations such as a public company which principal activities are the operation of railway in Hong Kong; a racing and race course entertainment operator and a theme park operator based in Hong Kong. The Acquisition will expand the Group's customer base and specialisations, allowing the Group to offer more diverse and comprehensive products and services, thereby enabling the Group to negotiate more effectively on contracts with new customers.

In addition, Projexasia has experience in securing and completing larger scale projects and has completed several projects with individual contract sum of over HK\$100 million as compared to the Group's largest single project contract sum of approximately HK\$45 million. The Acquisition will provide the Group with experience in and a track record of working on larger scale projects. The Acquisition will also allow Projexasia to better position itself within and expand upon its customer base as part of a listed company on the Stock Exchange.

Whilst Projexasia has been loss-making in recent years, Projexasia has operated for over 20 years with strong market recognition. There are also significant synergy effects as aforementioned and potential cost cutting opportunities upon the Acquisition Completion such as the sharing of administrative costs, office space, subcontractors and procurement.

PLACING OF NEW SHARES UNDER SPECIFIC MANDATE

On 19 October 2021 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has conditionally agreed to procure, as agent of the Company, not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties, to subscribe for up to 65,000,000 Placing Shares at the Placing Price of HK\$0.10 per Placing Share on a best effort basis.

THE PLACING AGREEMENT

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

Date: 19 October 2021

Parties:

- (i) the Company, as issuer; and
- (ii) China Rise Securities Asset Management Company Limited, as the Placing Agent

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

Placing

Pursuant to the terms and conditions of the Placing Agreement, the Placing Agent has conditionally agreed to procure, as agent of the Company, not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties, to subscribe for up to 65,000,000 Placing Shares at the Placing Price of HK\$0.10 per Placing Share on a best effort basis.

Placing commission

In consideration of the services of the Placing Agent in relation to the Placing and provided that the Placing Completion occurs in accordance with the terms and conditions of the Placing Agreement, the Company shall pay to the Placing Agent a commission of 5.0% of the aggregate Placing Price in respect of such number of the Placing Shares successfully placed by the Placing Agent plus any other out-of-pocket charges and expenses by the Placing Agent in relation to the Placing.

The placing commission in respect of the Placing was negotiated on arm's length basis between the Company and the Placing Agent and was determined with reference to, among other things, the prevailing commission rate charged by other placing agents, the size of the Placing and the price performance of the Shares.

The Directors consider that the placing commission in respect of the Placing is fair and reasonable based on the current market conditions.

Number of the Placing Shares

The maximum number of Placing Shares under the Placing represents: (a) approximately 8.13% of the existing issued share capital of the Company as at the date of this announcement; and (b) approximately 6.19% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the Placing Shares (assuming that there will be no change to the issued share capital of the Company from the date of this announcement to the date of the Acquisition Completion and the Placing Completion). The aggregate nominal value of the maximum number of Placing Shares under the Placing will be HK\$650,000.

The Placing Shares shall be issued and allotted pursuant to the Placing Specific Mandate to be sought from the Shareholders at the EGM.

An application will be made by the Company to the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

Ranking of the Placing Shares

The Placing Shares under the Placing, when issued and fully paid up, will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placees

The Placing Shares are expected to be placed, on a best effort basis, to no less than six independent Placees, who and whose respective ultimate beneficial owners are Independent Third Parties.

Upon the Placing Completion, it is expected that none of the Placees will become a substantial shareholder (as defined under the GEM Listing Rules) of the Company. If any of the Placees will become a substantial shareholder (as defined under the GEM Listing Rules) of the Company after the Placing Completion, further announcement will be made by the Company.

Placing Price

The Placing Price of HK\$0.10 per Placing Share is equivalent to the Issue Price.

The net Placing Price (after deducting the costs and expenses of the Placing) is approximately HK\$0.085 per Placing Share. Based on a nominal value of HK\$0.01 per Share, the aggregate nominal value of the Placing Shares is HK\$650,000.

The Placing Price was negotiated on an arm's length basis between the Company and the Placing Agent after taking into account factors including the recent market price of the Shares and the current market conditions.

The Directors (including the independent non-executive Directors) consider that the Placing Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Placing Conditions Precedent

The Placing Completion is conditional upon and subject to:

- (i) the passing by the Shareholders at the EGM to be convened and held in accordance with the requirements of the GEM Listing Rules, of such resolution(s) to approve the Placing Agreement and the transactions contemplated thereunder, including but not limited to the grant of the Placing Specific Mandate and the allotment and issue of the Placing Shares;
- (ii) the GEM Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Placing Shares;
- (iii) the Sale and Purchase Agreement having become unconditional in all respects (other than the Placing Completion); and

- (iv) Placees subscribing an aggregate of not less than 65,000,000 Placing Shares (or such other amount as the Placing Agent and the Company shall agree in writing) having been procured by the Placing Agent.

All Placing Conditions set out above are incapable of being waived by any parties thereto. If the Placing Conditions shall not be so satisfied on or before 31 March 2022 (or such later date as the Placing Agent and the Company may agree in writing), all obligations of the Placing Agent and of the Company thereunder shall cease and determine and none of the parties thereto shall have any claim against the other in relation thereto (save in respect of any antecedent breach of any obligation and liabilities under the Placing Agreement).

Placing Completion

The Placing Completion shall take place on the third Business Day after the fulfillment of all the Placing Conditions (or on such other date and place as the Company and the Placing Agent may agree in writing).

Force majeure

The Placing Agent may, in its reasonable opinion, after consultation with the Company, terminate the Placing Agreement by notice in writing to the Company at any time up to 9:00 a.m. on the Placing Completion Date if:

- (i) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (ii) there is any breach of the warranties, representations and undertakings given by the Company in the Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or
- (iii) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed; or
- (iv) any statement contained in this announcement has become or been discovered to be untrue, incorrect or misleading in any material respect which in the opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (v) there is any suspension of dealings in the Shares on the Stock Exchange for more than five consecutive Business Days (other than as a result of or in connection with the Placing); or

- (vi) any event of force majeure (being an event beyond the control of the Company and the Placing Agent and which is unforeseeable or unavoidable), including but without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out, occurs which prevents the performance of the contractual obligations of the Company and the Placing Agent.

Upon termination of the Placing Agreement, all liabilities of the Company and the Placing Agent thereunder shall cease and determine and no party thereto shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement save in respect of (i) any antecedent breach of any obligation and liabilities under the Placing Agreement; and (ii) any liabilities in respect of the representations made by the Company, undertakings by the Placing Agent, indemnity and reimbursements.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS

Subject to the Placing Completion and assuming all the Placing Shares are successfully placed, the maximum gross proceeds from the Placing are expected to be approximately HK\$6.5 million; and the net proceeds (after deducting related costs and expenses of the Acquisition and the Placing) from the Placing are estimated to be approximately HK\$5.5 million. On such basis, the maximum net issue price raised per Placing Share will be approximately HK\$0.085. The Company intends to apply the entire net proceeds from the Placing of approximately HK\$5.5 million for the partial settlement of the Consideration.

Having considered the reasons and benefits for the Acquisition as mentioned in the section headed “Reasons for and benefits of the Acquisition” in this announcement, the Company intends to apply the entire net proceeds from the Placing for partial settlement by cash payment of the Consideration in the sum of HK\$5.5 million.

Moreover, the Directors consider that the Placing represents a good opportunity for the Company to broaden its shareholder and capital bases while raising funds for the Acquisition.

The Directors are of the opinion that the terms and conditions of the Placing Agreement, including the Placing Price, are fair and reasonable and are on normal commercial terms and the Placing is in the interests of the Company and the Shareholders as a whole.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there are no other changes in the share capital of the Company from the date of this announcement up to the date of issue of the Consideration Shares and the Placing Shares and the Placing Shares are subscribed in full, set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the Placing Completion; and (iii) immediately after the Placing Completion, the Acquisition Completion and the allotment and issue of the Consideration Shares:

Shareholders	As at the date of this announcement		Immediately after the Placing Completion		Immediately after the Placing Completion, Acquisition Completion and the allotment and issue of the Consideration Shares	
	<i>Number of Shares held</i>	<i>Approx. %</i>	<i>Number of Shares held</i>	<i>Approx. %</i>	<i>Number of Shares held</i>	<i>Approx. %</i>
Advanced Pacific Enterprises Limited ("Advanced Pacific") (Note 1)	600,000,000	75.00	600,000,000	69.36	600,000,000	57.14
Vendor	–	–	–	–	185,000,000	17.62
Public Shareholders						
– Placees	–	–	65,000,000	7.52	65,000,000	6.19
– Other public Shareholders	200,000,000	25.00	200,000,000	23.12	200,000,000	19.05
Total	800,000,000	100	865,000,000	100	1,050,000,000	100

Notes:

- Advanced Pacific, a company incorporated in the British Virgin Islands, is wholly and beneficially owned by Mr. Heung Chung Sum, who is the executive Director, Chairman, chief executive and controlling shareholder of the Company. As such, Mr. Heung Chung Sum is deemed to be interested in all the Shares held by Advanced Pacific.
- Certain percentage figures in the above table are subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

As the Acquisition is conditional upon the Placing having been completed with net proceeds of not less than HK\$5.5 million, the issue of the Consideration Shares will not cause the Company to breach the public float requirement under the GEM Listing Rules, assuming no change in the issued Share capital of the Company other than the issue of the Placing Shares and the Consideration Shares from the date of this announcement to the date of the Acquisition Completion and the Placing Completion.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the past twelve months immediately before the date of this announcement.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratio(s) (as defined under the GEM Listing Rules) in respect of the Acquisition exceed(s) 25% but is/are less than 100%, the Acquisition constitutes a major transaction of the Company and is subject to the notification, announcement and Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

The Company will seek the Shareholders' approval at the EGM for the grant of the Shares Specific Mandate and the Placing Specific Mandate to allot and issue the Consideration Shares and the Placing Shares, respectively.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, pass the ordinary resolution(s) to approve, among other things, (i) the Sale and Purchase Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Consideration Shares under the Shares Specific Mandate); and (ii) the Placing Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Placing Shares under the Placing Specific Mandate).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Acquisition or the Placing, and therefore no Shareholder is required to abstain from voting on the relevant resolution(s) in respect of the Sale and Purchase Agreement and the Placing Agreement and the respective transactions contemplated thereunder to be proposed at the EGM.

A circular containing, among other things, (i) further information relating to the Sale and Purchase Agreement and the transactions contemplated thereunder; (ii) further information relating to the Placing Agreement and the transactions contemplated thereunder; (iii) the financial information of the Group and the Target Group; (iv) unaudited pro forma financial information of the enlarged Group; and (v) the notice of the EGM, is expected to be despatched to the Shareholders on or before 16 November 2021 as additional time is required for the preparation of the relevant information to be included in the circular.

Each of the Acquisition Completion and the Placing Completion is conditional upon the satisfaction of the conditions precedent set out in the Sale and Purchase Agreement and the Placing Agreement, respectively. Accordingly, the Acquisition and the Placing may or may not proceed. Shareholders and potential investors of the Company are therefore advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

Unless the context requires otherwise, the capitalised terms used herein shall have the same meanings as set forth below:

“Acquisition”	the sale and purchase of the Sale Share pursuant to the terms and conditions of the Sale and Purchase Agreement
“Acquisition Condition(s)”	the conditions precedent set out in the Sale and Purchase Agreement
“Acquisition Completion”	completion of the sale and purchase of the Sale Share pursuant to the terms and conditions of the Sale and Purchase Agreement
“Acquisition Completion Date”	the date falling on the fifth Business Day after the fulfillment (or waiver) of all the Acquisition Conditions or such other date as the Vendor and the Company may agree in writing
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Bank”	The Hongkong and Shanghai Banking Corporation Limited
“Board”	the board of Directors
“Business Day(s)”	any day (excluding Saturday, Sunday or public or statutory holiday in Hong Kong and any day on which a tropical cyclone warning no. 8 or above is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business in Hong Kong throughout their normal business hours

“Company”	Tong Kee (Holding) Limited (棠記(控股)有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM of the Stock Exchange (stock code: 8305)
“connected person(s)”	has the same meaning as ascribed thereto under the GEM Listing Rules
“Consideration”	the aggregate consideration for the Acquisition, being HK\$24.0 million
“Consideration Shares”	an aggregate of 185,000,000 new Shares to be allotted and issued by the Company to the Vendor under the Shares Specific Mandate at the Issue Price credited as fully paid to satisfy part of the Consideration upon the Acquisition Completion pursuant to the terms and conditions of the Sale and Purchase Agreement
“Corporate Guarantee”	the corporate guarantee to be executed by the Company in favour of the Bank (in the form and substance to the satisfaction of the Bank) as security for the payment obligations of Projexasia under the banking facilities made available by the Bank to Projexasia
“Director(s)”	director(s) of the Company from time to time
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of approving, among other matters, (i) the Sale and Purchase Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Consideration Shares under the Shares Specific Mandate); and (ii) the Placing Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Placing Shares under the Placing Specific Mandate)
“Employment Contract”	an employment contract to be entered into between Mr. Grant and Projexaisa upon the Acquisition Completion in relation to Mr. Grant’s appointment as the managing director and a director of Projexasia
“GEM Listing Committee”	has the meaning ascribed thereto under the GEM Listing Rules

“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person or company and its ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is/are not connected person(s) of the Company and is/are third party(ies) independent of the Company and its connected person(s) in accordance with the GEM Listing Rules
“Issue Price”	HK\$0.10 per Consideration Share
“Joint Venture”	Scenario-Projexasia Joint Venture, an unincorporate which is owned as to 50% by Projexasia and 50% by Scenario Cockram Limited, respectively
“Joint Venture Agreement”	the joint venture agreement dated 19 December 2017 and entered into between Scenario Cockram Limited and Projexasia
“Mr. Grant”	Mr. Stephen John Grant
“Personal Guarantees”	the guarantees given by Mr. Grant in favour of the Bank to secure the indebtedness, liabilities and/or obligations of Projexasia under the bank credit facility(ies) granted by the Bank to Projexasia
“Placee(s)”	any individuals, corporate, institutional investors or other investors procured by or on behalf of the Placing Agent under the Placing
“Placing”	the offer by way of private placing of the Placing Shares by or on behalf of the Placing Agent to the Placee(s) on the terms and subject to the conditions set out in the Placing Agreement

“Placing Agent”	China Rise Securities Asset Management Company Limited, being a corporation licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement dated 19 October 2021 entered into between the Company and the Placing Agent in relation to the Placing under the Placing Specific Mandate
“Placing Condition(s)”	the conditions precedent set out in the Placing Agreement
“Placing Completion”	completion of the Placing in accordance with the terms and conditions of the Placing Agreement
“Placing Completion Date”	the third Business Day after the fulfillment of the Placing Conditions (or such other date and place as the Company and the Placing Agent may agree in writing)
“Placing Price”	HK\$0.10 per Placing Share
“Placing Share(s)”	a total of up to 65,000,000 new Shares to be placed pursuant to the terms and conditions of the Placing Agreement
“Placing Specific Mandate”	a specific mandate to be sought from the Shareholders for the allotment and issue of the Placing Shares upon the Placing Completion
“PRC”	People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Projexasia”	Projexasia Limited, a company incorporated in Hong Kong with limited liability and wholly-owned by the Target Company
“Remaining Consideration”	has the meaning ascribed thereto in the paragraph headed “Consideration” under the section headed “The Sale and Purchase Agreement” in this announcement

“RMAA”	has the meaning ascribed thereto in the section headed “Information on the Target Group” in this announcement
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 19 October 2021 entered into between the Company and the Vendor in relation to the Acquisition
“Sale Share”	one (1) ordinary share of the Target Company, representing the entire issued share capital of the Target Company, which are legally and beneficially owned by the Vendor as at the date of this announcement
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Shares
“Shares Specific Mandate”	a specific mandate to be sought from the Shareholders for the allotment and issue of the Consideration Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Treasure Mark Global Limited, a company incorporated in the British Virgin Islands with limited liability and wholly-owned by the Vendor as at the date of this announcement
“Target Group”	the Target Company, its subsidiary, being Projexasia and the Joint Venture
“Vendor”	Precise Capital Global Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Mr. Grant
“%”	per cent.

By order of the Board
Tong Kee (Holding) Limited
Heung Chung Sum
Chairman and Executive Director

Hong Kong, 19 October 2021

As at the date of this announcement, the executive Directors are Mr. Heung Chung Sum and Mr. Chan Wai Hon, Alan; the non-executive Directors are Ms. Heung Joe Yee and Ms. Heung Joe Tung; and the independent non-executive Directors are Dr. Ip Wai Hung, Mr. Ko, Wilson Wai Shun and Mr. Chan Chi Hang.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, 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 GEM website at www.hkgem.com for at least 7 days from the day of its publication. This announcement, will also be published on the Company’s website at www.tongkee.com.hk.