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PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



中國保盛證券有限公司
CHINA PROSPECT SECURITIES LIMITED

On 6 May 2022 (after trading hours of the Stock Exchange), the Placing Agent and the Company entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 138,240,000 Placing Shares at the Placing Price of HK\$0.085 per Placing Share to not less than six Placees who and whose beneficial owners are Independent Third Parties. The Placing Shares will be allotted and issued under the General Mandate.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of 138,240,000 Placing Shares under the Placing represents (i) 20.00% of the existing issue share capital of the Company of 691,200,000 Shares 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. The aggregate nominal value of the maximum number of Placing Shares under the Placing will be US\$1,382,400.

The Placing Price of HK\$0.085 per Placing Share represents (i) a discount of approximately 5.56% to the closing price of HK\$0.090 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 11.83% to the average closing price of HK\$0.0964 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

It is expected that the maximum gross proceeds and net proceeds from the Placing will be approximately HK\$11.75 million and approximately HK\$11.46 million, respectively. The net price per Placing Share is approximately HK\$0.083.

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

THE PLACING AGREEMENT

Date

6 May 2022 (after trading hours)

Parties

Issuer: The Company

Placing Agent: China Prospect Securities Limited

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 Independent Third Parties.

Placing

The Placing Agent has conditionally agreed to place, or procure the placing of, up to 138,240,000 Placing Shares at the Placing Price of HK\$0.085 per Placing Share on a best effort basis. The placing commission to be received by the Placing Agent pursuant to the Placing Agreement is 2.5% of the aggregate amount equal to the Placing Price multiplied by the actual number of Placing Shares placed by the Placing Agent.

The placing commission payable to the Placing Agent was 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.

Placees

The Placing Agent will, on a best effort basis, place the Placing Shares either by itself or through its agents to not less than six Placees (who are professional, institutional or other investors), who and whose ultimate beneficial owner(s) are Independent Third Parties.

Number of Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the maximum number of 138,240,000 Placing Shares under the Placing represents (i) 20.00% of the existing issue share capital of the Company of 691,200,000 Shares 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. The aggregate nominal value of the maximum number of Placing Shares under the Placing will be US\$1,382,400.

Ranking of Placing Shares

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

Placing Price

The Placing Price of HK\$0.085 per Placing Share represents (i) a discount of approximately 5.56% to the closing price of HK\$0.090 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 11.83% to the average closing price of HK\$0.0964 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

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

General Mandate

The Placing Shares will be allotted and issued under the General Mandate granted to the Board at the annual general meeting of the Company held on 30 June 2021, pursuant to which the Board is authorised to allot, issue and deal with up to 138,240,000 Shares. As at the date of this announcement, the Company has not utilised the General Mandate. The allotment and issue of the Placing Shares is not subject to any additional Shareholders' approval.

Application for listing of Placing Shares

Application will be made by the Company to the GEM Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

Conditions precedent

The Placing is conditional upon the GEM Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Placing Shares.

In the event the aforesaid conditions are not fulfilled by 27 May 2022 (or such later date as may be agreed by the Placing Agent and the Company in writing), the Placing will not proceed and all rights, obligations and liabilities of the parties under the Placing Agreement shall cease and determine and none of the parties shall have any claim against the other party save for any antecedent breaches.

Completion of the Placing

Completion of the Placing will take place within four (4) Business Days after the fulfillment of the conditions set out in the Placing Agreement (or such other date as the Company and the Placing Agent may agree in writing).

Rescission of the Placing Agreement

If any of the following events occur at any time prior to 10:00 a.m. on the Completion Date, the Placing Agent may (after such consultation with the Company and/or its advisers as the circumstances shall admit or be necessary), by giving a written notice to the Company, at any time prior to the Completion Date provided that such notice is received prior to 6:00 p.m. on the day immediately preceding the Completion Date, rescind the Placing Agreement without liability to the other party, and the Placing Agreement shall thereupon cease to have effect and none of the parties shall have any rights or claims by reason thereof save for any rights or obligations which may accrue under the Placing Agreement prior to such termination:

- (i) in the reasonable opinion of the Placing Agent there shall have been since the date of the Placing Agreement such a change in national or international financial, political or economic conditions or taxation or exchange controls as would be likely to prejudice materially the consummation of the Placing; or
- (ii) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any matter whatsoever which may adversely affect the business or the financial or trading position or prospects of the Group as a whole; or

- (iii) 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 the representations and warranties contained in the Placing Agreement untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or
- (iv) any moratorium, suspension or restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances; or
- (v) there is any adverse change in the financial position of the Company which in the reasonable opinion of the Placing Agent is material in the context of the Placing.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group was principally engaged in the provision of outdoor and digital advertising services, film and entertainment investment, prepaid card business and provision of printed media advertising services.

Taking into account the current financial position of the Group and the uncertainty of the impact of COVID-19 on the business of the Group in the coming year, the Directors consider that the Placing represents a good opportunity to raise capital for the Company to maintain the cash flow position of the Group, enhance the capital base of the Company and prepare for any future potential investments.

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\$11.75 million and approximately HK\$11.46 million, respectively. The net placing price per Placing Share will be HK\$0.083. The Company intends to use such net proceeds for upgrading the cloud system for the prepaid card business and general working capital of the Group.

The terms of the Placing Agreement were determined after arm's length negotiations between the Company and the Placing Agent. The Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement are on normal commercial terms, fair and reasonable and that the Placing will strengthen the Group's financial position, broaden the Company's shareholder base and is in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS FROM THE DATE OF THIS ANNOUNCEMENT

The Company had not conducted any equity fund raising activity in the past 12 months immediately preceding the date of this announcement.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 691,200,000 Shares in issue. The following chart sets out the shareholding structure of the Company, assuming there is no other change to the issued share capital of the Company, (i) as at the date of this announcement; and (ii) immediately upon completion of the Placing:

	(i) As at date of this announcement		(ii) Immediately upon completion of the Placing	
	<i>Number of Shares held</i>	<i>Approximate % of Shares in issue</i>	<i>Number of Shares held</i>	<i>Approximate % of Shares in issue</i>
Shareholders				
Lizhong Limited (<i>Note 1</i>)	57,602,000	8.33	57,602,000	6.94
New Express Investment Limited (<i>Note 2</i>)	36,412,200	5.27	36,412,200	4.39
Placees	–	–	138,240,000	16.67
Other public shareholders	597,185,800	86.40	597,185,800	72.00
	<u>691,200,000</u>	<u>100.00</u>	<u>829,440,000</u>	<u>100.00</u>
Total				

Notes:

- 48.73% and 48.73% of the entire issued share capital of Lizhong Limited is owned by Broad Win Limited and Joint Loyal Limited respectively. The entire issued share capital of Broad Win Limited and Joint Loyal Limited are owned by Mr. Lin Pintong and Mr. Ruan Deqing respectively. Each of Mr. Lin Pintong, Mr. Ruan Deqing, Broad Win Limited and Joint Loyal Limited are deemed, or taken to be, interested in all the Shares held by Lizhong Limited for the purposes of the SFO. The directors of Lizhong Limited are Mr. Lin Pintong, Mr. Ruan Deqing and Mr. Han Wenqian.
- The entire issued share capital of New Express Investment Limited is owned by China Investment and Finance Group Limited. China Investment and Finance Group Limited is deemed, or taken to be, interested in all the Shares held by New Express Investment Limited for the purposes of the SFO.

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

DEFINITIONS

“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday or Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	China 33 Media Group Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Stock Exchange
“Completion Date”	within four (4) Business Days (or such other date as the Company and the Placing Agent may agree in writing) following the fulfillment of the conditions set out in the Placing Agreement
“Directors”	directors of the Company
“GEM”	the GEM of the Stock Exchange
“GEM Listing Committee”	the GEM listing sub-committee of the board of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate granted to the Directors pursuant to the resolution passed at the Company’s annual general meeting on 30 June 2021 to allot, issue and deal with up to 138,240,000 Shares, representing 20% of the then issued Shares as at the date of passing such resolution
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons (as defined in the GEM Listing Rules) of the Company and are third parties independent of the Company and its connected persons
“Placee(s)”	any professional, institutional or other investor(s) procured by the Placing Agent or its agents to subscribe for any of the Placing Shares

“Placing”	the placing of up to 138,240,000 Placing Shares by the Placing Agent on a best effort basis pursuant to the terms of the Placing Agreement
“Placing Agent”	China Prospect Securities Limited (中國保盛證券有限公司), a licensed corporation to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 6 May 2022 in relation to the Placing
“Placing Price”	HK\$0.085 per Placing Share
“Placing Shares”	up to a total of 138,240,000 new Shares to be placed pursuant to the Placing Agreement
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of US\$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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

By Order of the Board
China 33 Media Group Limited
Ruan Deqing
Chairman and Executive Director

Hong Kong, 6 May 2022

As at the date of this announcement, the executive Directors are Mr. Ruan Deqing (Chairman), Mr. Peng Lichun and Mr. Ma Pun Fai; and the independent non-executive Directors are Ms. Tay Sheve Li, Ms. Lam Man Chi and Mr. Yau Kit Yu.

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 enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the GEM website at www.hkgem.com for at least seven days from the date of its posting and the Company’s website at www.china33media.com.