

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

## **F8 ENTERPRISES (HOLDINGS) GROUP LIMITED**

**F8 企業(控股)集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8347)**

### **(I) PROPOSED SHARE CONSOLIDATION; AND (II) PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) CONSOLIDATED SHARES HELD ON THE RECORD DATE**

**Financial adviser to the Company**



中孚資本有限公司  
HOLOGRAM CAPITAL LIMITED

**Hologram Capital Limited**

**Underwriter of the Rights Issue**



元庫證券有限公司  
Silverbricks Securities Company Limited

**Silverbricks Securities Company Limited**

#### **PROPOSED SHARE CONSOLIDATION**

The Board intends to put forward a proposal to the Shareholders to effect the Share Consolidation which involves the consolidation of every ten (10) issued and unissued Existing Shares of par value HK\$0.01 each into one (1) Consolidated Share of par value of HK\$0.10 each. The Share Consolidation is conditional upon, among other things, the approval by the Shareholders by way of ordinary resolution at the EGM. Currently, the Existing Shares are traded on the Stock Exchange in the board lot size of 8,000 Existing Shares. Upon the Share Consolidation becoming effective, the board lot size for trading in the Consolidated Shares will remain as 8,000 Consolidated Shares.

As at the date of this announcement, the authorised share capital of the Company is HK\$20,000,000 divided into 2,000,000,000 Existing Shares of HK\$0.01 each, of which 1,008,000,000 Existing Shares have been issued and are fully paid or credited as fully paid. Upon the Share Consolidation becoming effective but before the completion of the Rights Issue and assuming no change in the number of Shares in issue from the date of this announcement to the effective date of the Share Consolidation, the authorised share capital of the Company will become HK\$20,000,000 divided into 200,000,000 Consolidated Shares of HK\$0.10 each, of which 100,800,000 Consolidated Shares (which are fully paid or credited as fully paid) will be in issue.

## **PROPOSED RIGHTS ISSUE**

The Board proposed to raise gross proceeds of up to approximately HK\$17.1 million by way of the Rights Issue on the basis of one (1) Rights Share for every two (2) Consolidated Shares held on the Record Date by issuing up to 50,400,000 Rights Shares at the Subscription Price of HK\$0.34 per Rights Share (assuming no further issue of new Share(s) and no repurchase or surrender of Share(s) by the Company on or before the Record Date). The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Excluded Shareholders (if any).

The estimated net proceeds (after deduction of the costs and expenses which the Company will incur in the Rights Issue) will be approximately HK\$14.7 million (assuming no further issue of new Share(s) and no repurchase or surrender of Share(s) by the Company on or before the Record Date). The Company intends to apply the net proceeds from the Rights Issue as to (i) approximately HK\$14.0 million for the repayment of a loan of the Group; and (ii) approximately HK\$0.7 million as general working capital of the Group. In the event that there is an undersubscription of the Rights Issue, the net proceeds of the Rights Issue will first be utilised as the repayment of the loan of the Group. The remaining part of the net proceeds (if any) will then be utilised as general working capital of the Group.

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

## **UNDERWRITING AGREEMENT**

On 25 May 2022 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter in respect of the Rights Issue, pursuant to which, the Underwriter has conditionally agreed to underwrite, on a best-effort basis, the Underwritten Shares up to 50,400,000 Rights Shares. Details of the principal terms and conditions of the Underwriting Agreement are set out in the section headed “The Underwriting Agreement” in this announcement.

**The Rights Issue is only underwritten on a best effort basis. Pursuant to the Company’s constitutional documents, the Companies Act, the Companies (WUMP) Ordinance and the GEM Listing Rules, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfillment of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level.**

**In the event the Rights Issue is undersubscribed, any Rights Shares not taken up by the Qualifying Shareholders whether under PAL(s) or EAF(s), or transferees of nil-paid Rights Shares or otherwise subscribed by the Underwriter or other subscribers procured by it pursuant to the Underwriting Agreement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## **IMPLICATIONS UNDER THE GEM LISTING RULES**

### **Share Consolidation**

The Share Consolidation is conditional upon, among other things, the approval by the Shareholders by way of ordinary resolution at the EGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as none of the Shareholders or their associates would have any interest in the Share Consolidation, no Shareholder would be required to abstain from voting in favour of the resolution(s) relating to the Share Consolidation at the EGM.

### **Rights Issue**

As the Company has not conducted any rights issue or open offer within the 12-month period prior to the date of this announcement, the Rights Issue will not increase the issued share capital or the market capitalisation of the Company by more than 50% within the 12-month period immediately preceding the date of this announcement and the Rights Issue is not underwritten by a Director, chief executive of the Company or substantial Shareholder (or any of their respective close associates), the Rights Issue is not subject to Shareholders' approval under the GEM Listing Rules.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Tuesday, 21 June 2022 to Monday, 27 June 2022 (both dates inclusive) for the purpose of determining the Shareholders' entitlements to attend and vote at the EGM. During this period, no transfer of Shares will be registered.

The register of members of the Company will be closed from Tuesday, 5 July 2022 to Monday, 11 July 2022 (both dates inclusive) for the purpose of determining the Shareholders' entitlements to the Rights Issue. During this period, no transfer of Shares will be registered.

## **GENERAL**

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve, the Share Consolidation. A circular containing, among other things, (i) further details of the Share Consolidation; and (ii) a notice convening the EGM, is expected to be despatched on or before Thursday, 9 June 2022 to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

The Prospectus containing, among other things, details of the Rights Issue, information on acceptances of the Rights Shares and other information in respect of the Group, and PAL(s) and EAF(s) are expected to be despatched by the Company to the Qualifying Shareholders on the Posting Date. A copy of the Prospectus will also be made available on the websites of the Company ([www.f8.com.hk](http://www.f8.com.hk)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company will send copies of the Prospectus to the Excluded Shareholders (if any) for their information only but will not send any PAL or EAF to them.

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

**Shareholders and potential investors of the Company should note that the Share Consolidation is conditional upon the satisfaction of the conditions as set out in the section headed "Proposed Share Consolidation — Conditions of the Share Consolidation" in this announcement. Accordingly, the Share Consolidation may or may not proceed.**

**Shareholders and potential investors of the Company should also note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the section headed "The Underwriting Agreement — Termination of the Underwriting Agreement" in this announcement). Accordingly, the Rights Issue may or may not proceed.**

**The Consolidated Shares are expected to be dealt in on an ex-rights basis from Thursday, 30 June 2022. Dealings in the Rights Shares in nil-paid form are expected to take place from Thursday, 14 July 2022 to Thursday, 21 July 2022 (both dates inclusive).**

**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 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 SHARE CONSOLIDATION**

The Board proposes to implement the Share Consolidation on the basis that every ten (10) issued and unissued Existing Shares of par value HK\$0.01 each be consolidated into one (1) Consolidated Share of par value HK\$0.10 each.

### **Effects of the Share Consolidation**

As at the date of this announcement, the authorised share capital of the Company is HK\$20,000,000 divided into 2,000,000,000 Existing Shares of HK\$0.01 each, of which 1,008,000,000 Existing Shares have been allotted and issued as fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective but before the completion of the Rights Issue and assuming no change in the number of Shares in issue from the date of this announcement to the effective date of the Share Consolidation, the authorised share capital of the Company will become HK\$20,000,000 divided into 200,000,000 Consolidated Shares of HK\$0.10 each, of which 100,800,000 Consolidated Shares (which are fully paid or credited as fully paid) will be in issue.

Upon the Share Consolidation becoming effective, the Consolidated Shares will rank pari passu in all respects with each other in accordance with the Company's articles of association.

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lots of 8,000 Existing Shares. Upon the Share Consolidation becoming effective, the board lot size for trading in the Consolidated Shares will remain as 8,000 Consolidated Shares.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Group or the interests or rights of the Shareholders, save for any fractional Consolidated Shares which may arise.

As at the date of this announcement, the Company has no options outstanding under any share option scheme of the Company or any other convertible bonds, derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares.

## **Conditions of the Share Consolidation**

The Share Consolidation is conditional upon the fulfillment of the following conditions:

- (i) the passing of the ordinary resolution(s) by the Shareholders to approve the Share Consolidation at the EGM;
- (ii) the compliance with all relevant procedures and requirements under the applicable laws of the Cayman Islands (where applicable) and the GEM Listing Rules to effect the Share Consolidation; and
- (iii) the GEM Listing Committee granting the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective.

None of the conditions above stated may be waived.

The Share Consolidation is expected to become effective on Wednesday, 29 June 2022, being the second Business Day immediately following the fulfillment of the above conditions.

## **Application for listing**

The Company will apply to the GEM Listing Committee for the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of the dealings in the Consolidated Shares on the Stock Exchange or such other date as may be 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. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becomes effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

## **Reasons for and benefits of the Share Consolidation**

Pursuant to Rule 17.76 of the GEM Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities. Furthermore, as stated in the “Guide on Trading Arrangements for Selected Types of Corporate Actions” (the “**Guideline**”) issued by The Hong Kong Exchange and Clearing Limited on 28 November 2008 and updated on 1 October 2020, (i) market price of the shares at a level less than HK\$0.1 each will be considered as trading at extremity as referred to under Rule 17.76 of the GEM Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

The Existing Shares have been trading below HK\$0.10 and the value of each board lot has remained below HK\$2,000 during the past 6 months. It is expected that the Share Consolidation will increase the nominal value of the Shares and would bring about a corresponding upward adjustment in the trading price of the Consolidated Shares on the Stock Exchange. Based on the closing price of HK\$0.036 per Existing Share (equivalent to the theoretical closing price of HK\$0.36 per Consolidated Share) as quoted on the Stock Exchange on the Last Trading Day, the value of each board lot of the Existing Shares is HK\$288, which is less than HK\$2,000, and the theoretical market value of each board lot of the Consolidated Shares would be HK\$2,880 assuming the Share Consolidation becoming effective. As such, the Share Consolidation would (i) enable the Company to comply with the trading requirements under the GEM Listing Rules and the Guideline; and (ii) reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot as the transaction fees are typically charged either per board lot or by trading amount subject to a minimum charge. Accordingly, the trading amount for each board lot would maintain at a reasonable level in order to attract more investors and to extend the shareholder base of the Company, and thus increasing the liquidity in trading of the Shares.

In view of the foregoing, the Company considers the Share Consolidation to be justifiable notwithstanding the potential costs and impact arising from creation of odd lots (if any) to Shareholders. The Board is of the view that the Share Consolidation is beneficial to and in the interests of the Company and the Shareholders as a whole.

The Board also believes that the Share Consolidation will not have any material adverse effect on the financial position of the Group nor result in change in the relative rights of the Shareholders.

## **Fractions of the Consolidated Shares**

Fractional Consolidated Shares will be disregarded and will not be issued to the Shareholders. All fractions of Consolidated Shares will be aggregated (rounded down to the nearest whole number) and sold in the market for the benefit of the Company if a premium (net of expenses) can be obtained, and the Company will retain the proceeds from such sale. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

### **Arrangement on odd lot trading**

In order to facilitate the trading of odd lots of the Consolidated Shares arising from the Share Consolidation, the Company will procure Profitech Securities Limited to stand in the market to provide matching services on a best effort basis to the Shareholders who wish to top up or sell their holdings of odd lots of the Consolidated Shares to a full new board lot during the period between Thursday, 14 July 2022 to Wednesday, 3 August 2022 (both days inclusive). To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Profitech Securities Limited is an Independent Third Party not connected with the Company or any of the directors, chief executives, or substantial shareholders of the Company or any of its subsidiaries or associates. Holders of the Consolidated Shares in odd lots should note that the matching of the sale and purchase of odd lots of the Consolidated Share will be on a best effort basis only and successful matching of the sale and purchase of odd lots of the Consolidated Shares will not be guaranteed and will depend on there being an adequate amount of odd lots of the Consolidated Shares available for matching. Shareholders are advised to consult their financial advisers if they are in doubt about the above arrangements. Further details of the odd lot matching services will be provided in the circular to be despatched by the Company.

### **Exchange of share certificates**

Subject to the Share Consolidation becoming effective, which is expected to be Wednesday, 29 June 2022, Shareholders may from Wednesday, 29 June 2022 to Friday, 5 August 2022 (both days inclusive) between 9:00 a.m. and 4:30 p.m. on any Business Day, submit their existing share certificates in pink colour for the Existing Shares to the Registrar, Boardroom Share Registrars (HK) Limited, at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong for exchange for share certificates in light blue colour for the Consolidated Shares at the expense of the Company. Thereafter, each share certificate for the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may be from time to time be specified by the Stock Exchange) for each new share certificate issued for the Consolidated Shares or each share certificate for the Existing Shares submitted for cancellation, whichever the number of certificates issued or cancelled is higher. Nevertheless, the share certificates for the Existing Shares will continue to be good evidence of legal title and may be exchanged for new share certificates for the Consolidated Shares at any time but are not accepted for trading, settlement and registration upon completion of the proposed Share Consolidation.

### **Closure of register of members**

The register of members of the Company will be closed from Tuesday, 21 June 2022 to Monday, 27 June 2022 (both dates inclusive) for the purpose of determining the Shareholders' entitlements to attend and vote at the EGM. During this period, no transfer of Shares will be registered.



## PROPOSED RIGHTS ISSUE

The Board proposed to raise gross proceeds of up to approximately HK\$17.1 million by way of the Rights Issue on the basis of one (1) Rights Share for every two (2) Consolidated Shares held on the Record Date by issuing up to 50,400,000 Rights Shares at the Subscription Price of HK\$0.34 per Rights Share (assuming no further issue of new Share(s) and no repurchase or surrender of Share(s) by the Company on or before the Record Date). The Rights Issue is underwritten by the Underwriter on a best effort basis. The terms of the Rights Issue are set out below:

### Issue statistics

Basis of the Rights Issue:	One (1) Rights Share for every two (2) Consolidated Shares held at the close of business on the Record Date
Subscription Price:	HK\$0.34 per Rights Share
Net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue):	Approximately HK\$0.29 per Rights Share
Number of Shares in issue as at the date of this announcement:	1,008,000,000 Existing Shares
Number of Consolidated Shares in issue upon the Share Consolidation becoming effective:	100,800,000 Consolidated Shares
Number of Rights Shares:	Up to 50,400,000 Rights Shares, assuming no further issue of new Share(s) and no repurchase or surrender of Share(s) on or before the Record Date
Aggregate nominal value of the Rights Shares:	Up to HK\$5,040,000 (each Rights Share has a par value of HK\$0.10)
Number of Consolidated Shares in issue upon completion of the Rights Issue:	Up to 151,200,000 Consolidated Shares, assuming no further issue of new Share(s) other than the Rights Shares and no repurchase or surrender of Share(s) on or before the completion of the Rights Issue
Gross proceeds from the Rights Issue:	Up to HK\$17,136,000 before expenses
Right of excess application:	Qualifying Shareholders may apply for the Rights Shares in excess of their provisional allotment

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

As at the date of this announcement, the Company has no options outstanding under any share option scheme of the Company or any other convertible bonds, derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares.

The maximum number of 50,400,000 Rights Shares to be issued and allotted pursuant to the terms of the Rights Issue represents 50.00% of the issued share capital of the Company as at the date of this announcement and approximately 33.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares immediately after completion of the Rights Issue assuming no further issue of new Share(s) other than the Rights Shares and no repurchase or surrender of Share(s) on or before completion of the Rights Issue.

**The Rights Issue is only underwritten on a best effort basis. Pursuant to the Company's constitutional documents, the Companies Act, the Companies (WUMP) Ordinance and the GEM Listing Rules, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfillment of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level.**

**In the event the Rights Issue is undersubscribed, any Rights Shares not taken up by the Qualifying Shareholders whether under PAL(s) or EAF(s), or transferees of nil-paid Rights Shares or otherwise subscribed by the Underwriter or other subscribers procured by it pursuant to the Underwriting Agreement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

### **Subscription Price**

The Subscription Price for the Rights Shares is HK\$0.34 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for excess Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 5.56% to the theoretical closing price of HK\$0.360 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.036 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;

- (ii) a discount of approximately 2.86% to the theoretical average closing price of HK\$0.350 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of HK\$0.035 per Existing Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares up to and including the Last Trading Day;
- (iii) a discount of approximately 2.86% to the theoretical average closing price of HK\$0.350 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of HK\$0.035 per Existing Share as quoted on the Stock Exchange for the ten consecutive trading days of the Shares up to and including the Last Trading Day;
- (iv) a discount of approximately 3.68% to the theoretical ex-rights price of approximately HK\$0.353 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.036 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a discount of approximately 70.59% to the adjusted audited consolidated net asset value attributable to the owners of the Company of approximately HK\$1.156 per Consolidated Share (based on 100,800,000 Consolidated Shares assuming the Share Consolidation has become effective) as at 31 March 2021, the date to which the latest audited consolidated financial results of the Group were made up;
- (vi) a discount of approximately 71.67% to the adjusted unaudited consolidated net asset value attributable to the owners of the Company of approximately HK\$1.200 per Consolidated Share (based on 100,800,000 Consolidated Shares assuming the Share Consolidation has become effective) as at 30 September 2021, based on the interim report of the Company for the six months ended 30 September 2021; and
- (vii) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) represented by a discount of approximately 1.94% of the theoretical diluted price of approximately HK\$0.353 per Consolidated Share to the benchmarked price of approximately HK\$0.360 per Consolidated Share (after taking into account the effect of the Share Consolidation) (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$0.036 per Existing Share and the average closing price of approximately HK\$0.034 per Existing Share as quoted on the Stock Exchange for the five previous consecutive trading days of the Shares prior to the Last Trading Day).

The Subscription Price was determined by the Company with reference to, among others, (i) the recent closing prices of the Existing Shares; (ii) prevailing market conditions; and (iii) the amount of funds the Company intends to raise under the Rights Issue as disclosed in the section headed “Reasons for the Rights Issue and use of proceeds” in this announcement.

It is a general market practice for the listed companies on the Stock Exchange to issue rights shares at a discount to the prevailing market price in order to enhance the attractiveness of rights issues. Since the Rights Shares are offered to all Qualifying Shareholders, the Board is of view that setting the Subscription Price at a discount to the prevailing market price of the Shares (after taking into account the effect of the Share Consolidation) would encourage the Qualifying Shareholders to participate in the Rights Issue and to maintain their shareholdings in the Company and participate in the potential growth of the Group. Each Qualifying Shareholder is offered equal opportunity to subscribe for the Rights Shares at the Subscription Price in proportion to his/her/its shareholding in the Company held on the Record Date and hence the interest of the Qualifying Shareholders will not be prejudiced by the discount of the Subscription Price to the market price of the Shares (after taking into account the effect of the Share Consolidation).

The Board is of the view that the terms and structure of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders, and that all Qualifying Shareholders are treated equally.

### **Basis of provisional allotment**

The basis of the provisional allotment shall be one (1) Rights Share (in nil-paid form) for every two (2) Consolidated Shares held by the Qualifying Shareholders 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 lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

### **Qualifying Shareholders**

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

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company and are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date.

In order to be registered as members of the Company on the Record Date, any relevant transfer documents (together with the relevant share certificates) must be lodged with the Registrar at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong for registration no later than 4:30 p.m. on Monday, 4 July 2022.

Qualifying Shareholders who take up their pro-rata entitlement in full under the Rights Issue will not experience any dilution to their interests in the Company. **If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.**

## **Closure of register of members**

The register of members of the Company will be closed from Tuesday, 5 July 2022 to Monday, 11 July 2022 (both dates inclusive) for the purpose of determining the Shareholders' entitlements to the Rights Issue. During this period, no transfer of Shares will be registered.

## **Rights of Overseas Shareholders**

The Prospectus Documents are not intended to be registered 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 17.41(1) of the GEM Listing Rules, the Company will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders 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, if any, from the Rights Issue will be set out in the Prospectus. The Company will send the Prospectus to the Excluded Shareholders (if any) for their information only but will not send any PAL and EAF to them.

Based on the latest register of members of the Company, there was no Overseas Shareholder as at the date of this announcement.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders, to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and before dealings in nil-paid Rights Shares end, if a premium (net of expenses) can be obtained. Proceeds from such sale, less expenses, of more than HK\$100 will be paid on pro-rata basis (but rounded down to the nearest cent) to the relevant Excluded Shareholders in Hong Kong dollars. In view of administrative costs, the Company will retain individual amounts of HK\$100 or less for its own benefit. Any unsold nil-paid Rights Shares to which such Excluded Shareholders (if any) would otherwise have been entitled will be made available for excess application by the Qualifying Shareholders under the EAFs.

## **Status of Rights Shares**

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

## **Fractions of the Rights Shares**

The Company will not provisionally allot and issue and will not accept application for any fraction of the Rights Shares and the entitlements of the Qualifying Shareholders will be rounded down to the nearest whole number. All fractions of Rights Shares will be aggregated (rounded down to the nearest whole number). All nil-paid Rights Shares arising from such aggregation will be provisionally allotted (in nil-paid form) and sold in the market for the benefit of the Company if a premium (net of expenses) can be obtained, and the Company will retain the proceeds from such sale. Any unsold fractions of Rights Shares will be made available for excess application by the Qualifying Shareholders under the EAFs.

## **Arrangement on odd lot trading**

In order to facilitate the trading of odd lots of Shares which will arise upon the Share Consolidation and the Rights Issue, the Company will procure Profitech Securities Limited to stand in the market to provide matching services on a best effort basis to the Shareholders who wish to top up or sell their holdings of odd lots of the Shares to a full new board lot during the period between Thursday, 14 July 2022 to Wednesday, 3 August 2022 (both days inclusive). To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Profitech Securities Limited is an Independent Third Party not connected with the Company or any of the directors, chief executives, or substantial shareholders of the Company or any of its subsidiaries or associates. Holders of Shares in odd lots should note that the matching of the sale and purchase of odd lots of the Share will be on a best effort basis only and successful matching of the sale and purchase of odd lots of Shares will not be guaranteed and will depend on there being an adequate amount of odd lots of Shares available for matching. Shareholders are advised to consult their financial advisers if they are in doubt about the above arrangements. Further details of the odd lot matching services will be provided in the Prospectus.

## **Share certificates and refund cheques for the Rights Issue**

Subject to the fulfillment of the conditions of the Rights Issue, share certificates for all fully paid Rights Shares are expected to be posted on or before Wednesday, 3 August 2022 by ordinary post to the allottees, at their own risk, to their registered addresses. Each Shareholder will receive one share certificate for all allotted Shares. Refund cheques in respect of wholly or partially unsuccessful applications for the excess Rights Shares (if any) are expected to be posted on or before Wednesday, 3 August 2022 by ordinary post to the applicants, at their own risk, to their registered addresses.

## **Application for excess Rights Shares**

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

- (i) any unsold Rights Shares created by aggregating fractions of the Rights Shares;
- (ii) any unsold entitlements to the Rights Shares of the Excluded Shareholder(s) (if any);

- (iii) any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares; and
  - (iv) the Scale-down PAL Shares (if any) and the Scale-down EAF Shares (if any).
- (i) to (iv) shall collectively be referred to as “Untaken Rights”.

Application for excess Rights Shares can be made by Qualifying Shareholders only and by duly completing and signing an EAF (in accordance with the instructions printed therein) and lodging the same with a separate cheque or banker’s cashier order for the sum payable for the excess Rights Shares being applied for with the Registrar at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong no later than 4:00 p.m. on Tuesday, 26 July 2022. The Directors will allocate the excess Rights Shares (if any) 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 10.31(3)(b) of the GEM Listing Rules, the Company will take steps to identify the applications for excess Rights Shares made by any controlling Shareholder or its associates, whether in their own names or through nominees. The Company shall disregard their applications for excess Rights Shares to the extent that the total number of excess Rights 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 them under their assured entitlement to the Rights Shares.

Shareholders with their Shares held by a nominee company (or which are deposited in CCASS) should note that the Board will regard such nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to the relevant beneficial owners individually. Shareholders with their Shares held by a nominee company (or which are deposited in CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares under their own names on or prior to the Record Date for the purpose of the Rights Issue. Shareholders who would like to have their names registered on the register of members of the Company on the Record Date, must lodge all necessary documents with the Registrar for registration by no later than 4:30 p.m. on Monday, 4 July 2022. Shareholders and investors of the Company should consult their professional advisers if they are in doubt as to their status.

If the aggregate number of Rights Shares underlying the Untaken Rights 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. Any Rights Shares underlying the Untaken Rights which are not taken up by excess applications will be taken up by the Underwriter, on a best effort basis, pursuant to the terms and conditions of the Underwriting Agreement.

### **Scale-down of subscriptions to avoid the triggering of MGO Obligation and non-compliance of Public Float Requirement**

Without prejudice to the generality of the Underwriting Agreement, as the Rights Issue is only underwritten by the Underwriter on a best effort basis, to avoid the unwitting triggering of MGO Obligations and non-compliance of Public Float Requirements, all applications for Rights Shares whether under the PAL(s) or the EAF(s), or by transferees of nil-paid Rights Shares, or by subscribers procured by the Underwriter will be made on the basis that the applications are to be scaled-down by the Company to a level which (a) does not trigger an MGO Obligation on the part of the applicant or parties acting in concert with him/her/it, and/or (b) does not result in the non-compliance of the Public Float Requirement on the part of the Company. Any subscription monies for the Scale-down PAL Shares or the Scale-down EAF Shares will be refunded to the applicants, and the Scale-down PAL Shares and the Scale-down EAF Shares will be made available for subscription by other Qualifying Shareholders through the EAF(s).

In addition, under and/or pursuant to the Scaling-down, any application for Rights Shares, whether under the PAL(s) or the EAF(s), shall be subject to the scale-down mechanisms of the Rights Issue as determined by the Company to levels which do not trigger any MGO Obligation or non-compliance of Public Float Requirement. Such scale-down of applications of Rights Shares shall operate on a fair and equitable basis under the following principles: (a) EAF(s) should be scaled down before PAL(s); and (b) where the scale-down is necessitated by the exceeding of shareholding by a group rather than an individual shareholder, the allocations of EAF(s) and PAL(s) to members of the affected group should be made on a pro rata basis by reference to the number of Shares held by the affected applicants on the Record Date, but for the avoidance of any doubt, any or any such onward allocation(s) shall be subject to the Scaling-down as well.

### **Application for listing**

The Company will apply to the GEM Listing Committee for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue. No part of the share capital of the Company is listed or dealt in or on which listing or permission to deal in is being or is proposed to be sought on any other stock exchange.

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

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 commencement dates of the dealings in the Rights Shares in both their nil-paid and fully-paid forms or such other dates as may be 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 stockbrokers or other professional advisers 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, which are registered in the register of members of the Company, will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy or any other applicable fees and charges in Hong Kong.

### **Taxation**

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

## **THE UNDERWRITING AGREEMENT**

On 25 May 2022 (after trading hours), the Underwriter and the Company entered into the Underwriting Agreement. The Rights Issue is only underwritten on a best-effort basis. Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite, on a best effort basis, the Underwritten Shares up to 50,400,000 Rights Shares.

Date: 25 May 2022 (after trading hours)

Underwriter: Silverbricks Securities Company Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO and its ordinary course of business includes securities brokerage and underwriting and placement of securities

Total number of Rights Shares to be underwritten by the Underwriter: up to 50,400,000 Rights Shares (assuming no further issue of new Share(s) and no repurchase or surrender of Share(s) on or before the Record Date) underwritten by the Underwriter on a best-effort basis

Underwriting commission: 5% of the aggregate subscription amount in respect of such number of the Rights Shares actually procured by the Underwriter for subscription pursuant to the Underwriting Agreement

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the Underwriter and its associates did not hold any Shares as at the date of this announcement; and (ii) the Underwriter and its ultimate beneficial owners are independent of and not connected with the Company or its connected persons. The Underwriter confirmed that it has complied with Rule 10.24A(1) of the GEM Listing Rules.

The terms of the Underwriting Agreement (including the underwriting commission rate) were determined after arm's length negotiations between the Company and the Underwriter with reference to the existing financial position of the Group, the size of the Rights Issue, the current and expected market conditions, the historical trading volume of the Shares and the prevailing market rate of similar transactions.

The Directors are of the view that the terms of the Underwriting Agreement, including the commission rate, are fair and reasonable and the transactions contemplated under the Underwriting Agreement are on normal commercial terms and in the interests of the Company and the Shareholders as a whole. None of the Directors has a material interest in the transaction contemplated under the Underwriting Agreement.

Subject to the fulfilment of the conditions (or any waiver, as the case may be, by the Underwriter) contained in the Underwriting Agreement and provided that the Underwriting Agreement is not terminated prior to the Latest Time for Termination in accordance with the terms thereof, the Underwriter shall subscribe for or procure the subscription, on a best-effort basis, on the terms of the Prospectus Documents (insofar as the same are applicable) for the Underwritten Shares up to 50,400,000 Rights Shares.

### **Termination of the Underwriting Agreement**

If, prior to the Latest Time for Termination,

- (i) the occurrence of the following events would, in the absolute opinion of the Underwriter, materially and adversely affect the business, financial or trading position or prospects of the Group as a whole or the success of the Rights Issue or otherwise makes it inexpedient or inadvisable for the Company or the Underwriter to proceed with the Rights Issue:
  - (a) 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 nature whatsoever;
  - (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 of the Underwriting Agreement) of a political, military, financial, regulatory, economic, currency or other nature (whether or not sui generis with any of the foregoing or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict); or
  - (c) the occurrence of any change in market conditions, taxation or exchange control or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities);

- (ii) the Underwriter shall receive notification of, or shall otherwise become aware of, the fact that any of the representations, warranties and undertakings provided by the Company to the Underwriter was, when given, untrue or inaccurate or would be untrue or inaccurate;
- (iii) any change occurs in the circumstances of the Company or any member of the Group which would in the absolute opinion of the Underwriter materially and adversely affect the business, financial or trading position or prospects of the Group as a whole;
- (iv) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed to be assumed by it under the Underwriting Agreement; or
- (v) the occurrence of any event, or series of events, of force majeure beyond the reasonable control of the Underwriter (including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion or unrest, fire, flood, explosion, epidemic, pandemic, terrorism, strike or lock-out) which, in the absolute opinion of the Underwriter, has or would materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole, the Underwriter shall be entitled to terminate the Underwriting Agreement by notice in writing to the Company served prior to the Latest Time for Termination and thereupon all obligations of the Company and the Underwriter shall cease and determine and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement provided that the Company shall remain liable to pay to the Underwriter such fees as may then be agreed by the parties thereto and that the provisions of certain specified clauses in the Underwriting Agreement shall continue in full force and effect.

**If the Underwriter terminates the Underwriting Agreement, the Rights Issue will not proceed. A further announcement would be made by the Company if the Underwriting Agreement is terminated by the Underwriter.**

#### **Conditions of the Rights Issue and the Underwriting Agreement**

The Rights Issue is conditional upon the Share Consolidation becoming effective and the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. The obligations of the Underwriter under the Underwriting Agreement are conditional upon:

- (i) the Share Consolidation having become effective by no later than the Posting Date;
- (ii) the GEM Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the approval for the listing of, and permission to deal in, the Rights Shares (in their nil-paid and fully-paid forms) prior to the Latest Time for Termination;
- (iii) the signing by or on behalf of two Directors of one printed copy of each of the Prospectus Documents and the certification by two Directors (or by their agents duly authorised in writing) of two copies of each of the Prospectus Documents on or before the Posting Date;

- (iv) the delivery to the Stock Exchange of two printed copies of each of the Prospectus Documents duly certified by two Directors (or by their agents duly authorised in writing) in compliance with section 342C(3) of the Companies (WUMP) Ordinance (and all other documents required to be attached thereto) and otherwise complying with the requirements of the Companies (WUMP) Ordinance and the GEM Listing Rules on or before the Posting Date, the Stock Exchange issuing a certificate that it authorises registration of the Prospectus Documents not later than 11:00 a.m. on or before the Posting Date;
- (v) the Registrar of Companies in Hong Kong registering one printed copy of each of the Prospectus Documents each duly certified by two Directors (or by their agents duly authorised in writing) in compliance with section 342C(3) of the Companies (WUMP) Ordinance (and all other documents required to be attached thereto) and otherwise complying with the requirements of the Companies (WUMP) Ordinance and the GEM Listing Rules on or before the Posting Date;
- (vi) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus for information only to the Excluded Shareholders, if any, by no later than the Posting Date;
- (vii) compliance with and performance of all undertakings and obligations of the Company under the Underwriting Agreement;
- (viii) each party having obtained all necessary consent and/or approval for entering into the Underwriting Agreement or the transactions contemplated therein; and
- (ix) the Underwriting Agreement not being terminated by the Underwriter pursuant to the terms thereof on or before the Latest Time for Termination.

Save for the condition (viii) which can be waived by the Underwriter, none of the above conditions can be waived. In the event that the conditions above have not been satisfied and/or waived in whole or in part by the Underwriter on or before the time and dates specified therein, all liabilities of the parties hereto shall cease and determine and no party shall have any claim against the other parties save that all such reasonable costs, fees and other out-of-pocket expenses (excluding sub-underwriting fees and related expenses) as have been properly incurred by the Underwriter in connection with the underwriting of the Underwritten Shares by the Underwriter shall to the extent agreed by the Company be borne by the Company.

## EXPECTED TIMETABLE

Set out below is the expected timetable for the Share Consolidation and the Rights Issue which is indicative only and has been prepared on the assumption that all the conditions of the Share Consolidation and the Rights Issue will be fulfilled:

<b>Event</b>	<b>Date</b>
Entering into of the Underwriting Agreement .....	Wednesday, 25 May 2022
Announcement of the Share Consolidation and the Rights Issue .....	Wednesday, 25 May 2022
Expected date of despatch of the circular in relation to the Share Consolidation and the notice of the EGM and proxy form.....	Thursday, 9 June 2022
Latest time for lodging transfers of the Existing Shares in order to qualify for attendance and voting at the EGM.....	4:30 p.m. on Monday, 20 June 2022
Closure of register of members of the Company for transfer of the Shares to determine the right to attend and vote at the EGM (both days inclusive).....	Tuesday, 21 June 2022 to Monday, 27 June 2022
Latest time for lodging proxy forms for the EGM (not less than 48 hours prior to the time of the EGM).....	11:00 a.m. on Saturday, 25 June 2022
Record date for determining attendance and voting at the EGM.....	Monday, 27 June 2022
Expected date and time of the EGM.....	11:00 a.m. on Monday, 27 June 2022
Announcement of the poll result of the EGM .....	Monday, 27 June 2022
Register of members of the Company re-opens.....	Tuesday, 28 June 2022

**The following events are conditional on the fulfillment of the conditions for the implementation of the Share Consolidation and Rights Issue.**

<b>Event</b>	<b>Date</b>
Effective date of the Share Consolidation .....	Wednesday, 29 June 2022
Commencement of dealings in the Consolidated Shares.....	9:00 a.m. on Wednesday, 29 June 2022
Original counter for trading in the Existing Shares in board lots of 8,000 Existing Shares (in the form of existing share certificates) temporarily closes .....	9:00 a.m. on Wednesday, 29 June 2022
Temporary counter for trading in the Consolidated Shares in board lots of 800 Consolidated Shares (in the form of existing share certificates) opens .....	9:00 a.m. on Wednesday, 29 June 2022
First day of free exchange of existing share certificates for new share certificates for the Consolidated Shares .....	Wednesday, 29 June 2022
Last day of dealings in the Consolidated Shares on a cum-rights basis of the Rights Issue.....	Wednesday, 29 June 2022
First day of dealings in the Consolidated Shares on an ex-rights basis of the Rights Issue .....	Thursday, 30 June 2022
Latest time for the Shareholders to lodge transfer of the Consolidated Shares in order to qualify for the Rights Issue .....	4:30 p.m. on Monday, 4 July 2022
Closure of register of members of the Company for the Rights Issue (both dates inclusive) .....	Tuesday, 5 July 2022 to Monday, 11 July 2022
Record Date for determining entitlements to the Rights Issue.....	Monday, 11 July 2022
Register of members of the Company re-opens.....	Tuesday, 12 July 2022
Despatch of the Prospectus Documents (in the case of Excluded Shareholders, the Prospectus only) .....	Tuesday, 12 July 2022

<b>Event</b>	<b>Date</b>
Original counter for trading in the Consolidated Shares in board lots of 8,000 Consolidated Shares (in the form of new share certificates) reopens.....	9:00 a.m. on Thursday, 14 July 2022
Parallel trading in the Consolidated Shares (in the form of both existing share certificates and new share certificates) commences .....	9:00 a.m. on Thursday, 14 July 2022
Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares and fully-paid Rights Shares .....	9:00 a.m. on Thursday, 14 July 2022
First day of dealings in nil-paid Rights Shares .....	9:00 a.m. on Thursday, 14 July 2022
Latest time for splitting of nil-paid Rights Shares.....	4:30 p.m. on Monday, 18 July 2022
Last day of dealings in nil-paid Rights Shares .....	Thursday, 21 July 2022
<b>Latest time for acceptance of, and payment for, the Rights Shares and application for, and payment for, excess Rights Shares.....</b>	<b>4:00 p.m. on Tuesday, 26 July 2022</b>
Latest Time to terminate the Underwriting Agreement and for the Rights Issue to become unconditional .....	4:00 p.m. on Wednesday, 27 July 2022
Announcement of results of the Rights Issue.....	Tuesday, 2 August 2022
Parallel trading in the Consolidated Shares (in the form of both existing share certificates and new share certificates) ends .....	4:10 p.m. on Wednesday, 3 August 2022
Designated broker ceases to stand in the market to provide matching services for odd lots of the Consolidated Shares .....	4:00 p.m. on Wednesday, 3 August 2022

<b>Event</b>	<b>Date</b>
Temporary counter for trading in the Consolidated Shares in board lots of 800 Consolidated Shares (in the form of existing share certificates) closes.....	4:10 p.m. on Wednesday, 3 August 2022
Refund cheques, if any, to be despatched (if the Rights Issue is terminated and in respect of unsuccessful or partially successful application for excess Rights Shares).....	on or before Wednesday, 3 August 2022
Share certificates for fully paid Rights Shares to be despatched.....	on or before Wednesday, 3 August 2022
Commencement of dealings in fully-paid Rights Shares.....	9:00 a.m. on Thursday, 4 August 2022
Latest time for free exchange of existing share certificates for new share certificates for the Consolidated Shares.....	4:30 p.m. on Friday, 5 August 2022

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

The expected timetable is subject to change, and any such change will be further announced by the Company as and when appropriate.

**EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES**

The latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares will not take place at the time indicated above if there is a tropical cyclone warning signal number 8 or above, a “black” rainstorm warning issued by the Hong Kong Observatory, and/or “extreme” conditions caused by super typhoons as announced by the Hong Kong Government:

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



If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place on Tuesday, 26 July 2022, 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 as soon as practicable.

## SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out the shareholding structures of the Company (i) as at the date of this announcement; (ii) immediately upon the Share Consolidation becoming effective; (iii) immediately upon the Share Consolidation becoming effective and completion of the Rights Issue assuming full acceptance of the Rights Shares by the existing Shareholders; and (iv) immediately upon the Share Consolidation becoming effective and completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and the Underwriter taking up the Rights Shares in full).

	As at the date of this announcement		Immediately upon the Share Consolidation becoming effective		Immediately upon the Share Consolidation becoming effective and completion of the Rights Issue assuming full acceptance of the Rights Shares by the existing Shareholders		Immediately upon the Share Consolidation becoming effective and completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and the Underwriter taking up the Rights Shares in full)	
	Number of Shares	Approx. % <sup>(Note 1)</sup>	Number of Shares	Approx. % <sup>(Note 1)</sup>	Number of Shares	Approx. % <sup>(Note 1)</sup>	Number of Shares	Approx. % <sup>(Note 1)</sup>
Grand Tycoon Limited <sup>(Note 2)</sup>	504,576,000	50.06	50,457,600	50.06	75,686,400	50.06	50,457,600	33.37
The Underwriter and the subscribers or purchasers procured by it <sup>(Note 3)</sup>	—	—	—	—	—	—	50,400,000	33.33
Other public Shareholders	<u>503,424,000</u>	<u>49.94</u>	<u>50,342,400</u>	<u>49.94</u>	<u>75,513,600</u>	<u>49.94</u>	<u>50,342,400</u>	<u>33.30</u>
<b>Total</b>	<b><u>1,008,000,000</u></b>	<b><u>100.00</u></b>	<b><u>100,800,000</u></b>	<b><u>100.00</u></b>	<b><u>151,200,000</u></b>	<b><u>100.00</u></b>	<b><u>151,200,000</u></b>	<b><u>100.00</u></b>

### Notes:

1. The above percentage figures are subject to rounding adjustments. Accordingly, figures shown as total may not be an arithmetic aggregation of the figures preceding it.
2. The Shares are held by Grand Tycoon Limited, the equity interest of which is owned as to 100% by Mr. Fong Chun Man, an executive Director and the Chairman of the Board. Mr. Fong Chun Man is deemed to be interested in all the Shares held by Grand Tycoon Limited for the purpose of Part XV of SFO.
3. Pursuant to the Underwriting Agreement, (a) the Underwriter shall not subscribe, for its own account, for such number of Underwritten Shares which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company to 20% or more of the voting rights of the Company upon the completion of the Rights Issue; and (b) the Underwriter shall also use all reasonable endeavours to ensure that each of the subscribers or purchasers of the Underwritten Shares procured by it (i) shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with it and not connected with the Company, any of the Directors, chief executive of the Company or substantial shareholder(s) of the Company or their respective associates (as defined in

the GEM Listing Rules); and (ii) save for the Underwriter itself and its associates, shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold 10% or more of the voting rights of the Company upon completion of the Rights Issue.

Shareholders and potential investors of the Company should note that the above shareholding changes are for illustrative purposes only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including the results of acceptance of the Rights Issue.

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

The Company is an investment holding company and its subsidiaries principally engaged in the business of the sale and transportation of diesel oil and related products in Hong Kong and the PRC and the manufacturing and sale of steel products and sale of injecting molding machine in the PRC.

Assuming full subscription under the Rights Issue, the estimated gross proceeds and net proceeds (after the deduction of the costs and expenses which the Company will incur in the Rights Issue) will amount to approximately HK\$17.1 million and HK\$14.7 million, respectively. The estimated expenses of the Rights Issue are approximately HK\$2.4 million, which include underwriting commission and professional fees payable to the financial advisers, legal counsels, financial printer and other parties involved in the Rights Issue and will be borne by the Company. The Company intends to apply the abovementioned net proceeds from the Rights Issue in the following manner:

- (i) approximately HK\$14.0 million or approximately 95.2% of the net proceeds for the repayment of a loan of the Group; and
- (ii) approximately HK\$0.7 million or approximately 4.8% of the net proceeds as general working capital of the Group.

In the event that there is an undersubscription of the Rights Issue, the net proceeds of the Rights Issue will first be utilised as the repayment of the loan of the Group. The remaining part of the net proceeds (if any) will then be utilised as general working capital of the Group.

As at the date of this announcement, the Group's debts included, among others, a loan from a financial institution which is an Independent Third Party in the principal amount of HK\$14.0 million with an interest rate of 12.5% per annum which will be matured in August 2022.

Having taking into account the existing cash and bank balances available to the Group as well as pledged bank deposits, the Company considered that it does not have sufficient cash flow to repay the abovementioned loan which will be due shortly. According to the interim report of the Company for the six months ended 30 September 2021, the total unused net proceeds from the share offer in association with the listing of the Shares on GEM on 12 April 2017 amounted to approximately HK\$14.3 million. Accordingly, a substantial portion of the cash and bank balances and pledged bank deposits currently available to the Group shall be set aside solely for the implementation plans for its business strategies as set out in the prospectus of the Company dated 29 March 2017.

Taking into account the aforementioned loan, the cash and bank balances of the Company is insufficient for meeting its imminent cash flow demand for repayment purpose. Accordingly, the Company intends to apply approximately HK\$14.0 million of the net proceeds from the Rights Issue for repayment of the above loan of the Group.

The Group relies mainly on funds from operating activities and loans and borrowings from banks and financial institutions to support the Group's operating activities and other capital expenditures. However, the Company became aware that the recoverability of account receivables of the Company has deteriorated for the six months ended 30 September 2021 as the Group recorded an increase in the long-aged trade receivables of over 120 days as at 30 September 2021, resulting in less operating cash inflow received by the Company and hence tightening cash flow burden on the Company. In light of the deteriorated recoverability of trade receivables, the Company intends to apply approximately HK\$0.7 million from the net proceeds from the Rights Issue for the general working capital for daily operations of the Group in the 12 months following the completion of the Rights Issue, which will strengthen the financial positions and stability of the Group and support the Group's sustainable and stable development in the future. The Directors consider that, compared with debt financing, rights issue will provide new funds for the steady development of the Group, and also immediately reduce the Group's gearing ratio, resulting in a more stable balance sheet of the Group.

The Board has considered other fund raising alternatives before resolving to the Rights Issue, including but not limited to debt financing, placing and open offer. With respect to debt financing, debt financing will incur additional financial cost and burden, higher gearing ratio of the Group and subject the Group to repayment obligations. However, equity financing not only provides the Group with fresh funding, it also lowers the Group's gearing ratio, improve its capital structure and enhance its future financing capabilities. Therefore, equity financing is a better and more viable option than debt financing for the Company.

As for placing of new Shares, it is relatively smaller in scale as compared to fund raising through rights issue and it would lead to immediate dilution in the shareholding interest of existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company. As for open offer, while it is similar to a rights issue, offering qualifying shareholders to participate, it does not allow free trading of rights entitlements in the open market.

Based on the above, despite the fact that those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and the Excluded Shareholders may have their shareholdings being diluted, the Directors consider that fund raising through the Rights Issue is in the best interests of the Company and the Shareholders as a whole, having considered that the Rights Issue (i) gives all Qualifying Shareholders the first right to maintain their respective pro-rata shareholding interests in the Company and an opportunity to participate in the growth and development of the Group in proportion to their shareholdings; and (ii) offers the Qualifying Shareholders the flexibility to sell their entitled nil-paid rights in the open market for their own economic benefit if they do not wish to take up the entitlements of the Rights Shares as compared with an open offer.

As at the date of this announcement, save for the Rights Issue, there is no agreement, arrangement, understanding, intention, negotiation (concluded or otherwise) for any fund raising activity for the Group in the coming 12 months.

## **EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

Set out below are the fund raising activities conducted by the Company in the past 12 months immediately preceding the date of this announcement:

<b>Date of initial announcement</b>	<b>Fund raising activity</b>	<b>Net proceeds raised</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds as at the date of this announcement</b>
16 June 2021	Issue of new shares under general mandate of the Company (regarding a discloseable transaction in relation to the acquisition of property)	Approximately HK\$11.2 million (subject to audit adjustment)	Settlement of partial consideration for the acquisition of a property	Fully utilised as intended

## **IMPLICATIONS UNDER THE GEM LISTING RULES**

### **Share Consolidation**

The Share Consolidation is conditional upon, among other things, the approval by the Shareholders by way of ordinary resolution at the EGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as none of the Shareholders or their associates would have any interest in the Share Consolidation, no Shareholder would be required to abstain from voting in favour of the resolution(s) relating to the Share Consolidation at the EGM.

### **Rights Issue**

As the Company has not conducted any rights issue or open offer within the 12-month period prior to the date of this announcement, the Rights Issue will not increase the issued share capital or the market capitalisation of the Company by more than 50% within the 12-month period immediately preceding the date of this announcement and the Rights Issue is not underwritten by a Director, chief executive of the Company or substantial Shareholder (or any of their respective close associates), the Rights Issue is not subject to Shareholders' approval under the GEM Listing Rules.

Given that the Company has not conducted any rights issue, open offer and/or specific mandate placing within the 12-month period immediately preceding the date of this announcement, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities within such 12-month period, the Rights Issue does not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 10.44A of the GEM Listing Rules.

## **GENERAL**

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve, the Share Consolidation. A circular containing, among other things, (i) further details of the Share Consolidation; and (ii) a notice convening the EGM, is expected to be despatched on or before Thursday, 9 June 2022 to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

The Prospectus containing, among other things, details of the Rights Issue, information on acceptances of the Rights Shares and other information in respect of the Group, and PAL(s) and EAF(s) are expected to be despatched by the Company to the Qualifying Shareholders on the Posting Date. A copy of the Prospectus will also be made available on the websites of the Company ([www.f8.com.hk](http://www.f8.com.hk)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company will send copies of the Prospectus to the Excluded Shareholders for their information only but will not send any PAL or EAF to them.

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

Shareholders and potential investors of the Company should note that the Share Consolidation is conditional upon the satisfaction of the conditions as set out in the section headed "Proposed Share Consolidation — Conditions of the Share Consolidation" in this announcement. Accordingly, the Share Consolidation may or may not proceed.

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the section headed "The Underwriting Agreement — Termination of the Underwriting Agreement" in this announcement). Accordingly, the Rights Issue may or may not proceed.

The Shares are expected to be dealt in on an ex-rights basis from Thursday, 30 June 2022. Dealings in the Rights Shares in nil-paid form are expected to take place from Thursday, 14 July 2022 to Thursday, 21 July 2022 (both dates inclusive).

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 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.

## DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday in Hong Kong) on which commercial banks are generally open for business in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“China” or “PRC”	the People’s Republic of China (for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan)
“close associate”	has the meaning ascribed to it under the GEM Listing Rules
“Companies Act”	the Companies Act, Cap. 22 (As Revised) of the Cayman Islands
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (as amended, supplemented or otherwise modified from time to time)
“Companies (WUMP) Ordinance”	The Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), including its amendments from time to time
“Company”	F8 Enterprises (Holdings) Group Limited (F8企業(控股)集團有限公司), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consolidated Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company immediately following the Share Consolidation becoming effective

“controlling shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“EAF(s)”	the excess application form(s) for use by the Qualifying Shareholders who wish to apply for Rights Shares in excess of their pro-rata entitlements under the Rights Issue
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve, among other things, the Share Consolidation
“Excluded Shareholder(s)”	the Overseas Shareholder(s) in respect of whom the Board, after making relevant enquiries, considers it necessary or expedient not to offer the Rights Shares to such Overseas Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Existing Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company prior to the Share Consolidation having become effective
“GEM”	the GEM of the Stock Exchange
“GEM Listing Committee”	has the same meaning ascribed to it under the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	third party(ies) independent of the Company and not a connected person (as defined in the GEM Listing Rules) of the Company
“Last Trading Day”	25 May 2022, being the last trading day of the Shares on the Stock Exchange prior to the release of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Tuesday, 26 July 2022 or such later time or date as may be agreed between the Underwriter and the Company, being the latest time for acceptance of the offer of and payment for, the Rights Shares

“Latest Time for Termination”	4:00 p.m. on Wednesday, 27 July 2022, being the next Business Day after the Latest Time for Acceptance, or such other time as may be agreed between the Company and the Underwriter for the termination of the Underwriting Agreement
“MGO Obligation”	the obligation to make a mandatory general offer under the Takeovers Code
“Overseas Shareholder(s)”	the Shareholder(s) whose address(es) on the register of members of the Company on the Record Date are outside of Hong Kong
“PAL(s)”	the provisional allotment letter(s) for the Rights Shares to be issued to the Qualifying Shareholders in respect of their entitlements under the Rights Issue
“Posting Date”	Tuesday, 12 July 2022 or such other date as may agree between the Underwriter and the Company for the despatch of the Prospectus Documents
“Prospectus”	the prospectus to be despatched to Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL and the EAF
“Public Float Requirement”	the public float requirement under Rule 11.23 of the GEM Listing Rules
“Qualifying Shareholders”	Shareholders, whose names appear on the register of members of the Company on the Record Date, other than the Excluded Shareholders
“Record Date”	Monday, 11 July 2022 or such other date as may be agreed between the Company and the Underwriter for the determination of the entitlements of Shareholders to participate in the Rights Issue
“Registrar”	Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, the Hong Kong branch share registrar and transfer office of the Company
“Rights Issue”	the proposed issue by way of rights to the Qualifying Shareholders on the basis of one (1) Rights Share for every two (2) Consolidated Shares held on the Record Date at the Subscription Price pursuant to the terms and conditions as set out in the Underwriting Agreement and the Prospectus Documents



“Rights Share(s)”	new Consolidated Shares to be issued and allotted under the Rights Issue on the basis of one (1) Rights Share for every two (2) Consolidated Shares in issue on the Record Date, being 50,400,000 Rights Shares (assuming no change in the share capital of the Company on or before the Record Date)
“Scale-down EAF Shares”	such number of Rights Shares applied for as excess application under the EAF(s) which would, if allotted by the Company, result in either the incurring of an MGO Obligation on the part of the applicant or the failure to comply with the Public Float Requirement on the part of the Company
“Scale-down PAL Shares”	such number of Rights Shares applied for under the PAL(s) which would, if allotted by the Company, result in either the incurring of an MGO Obligation on the part of the applicant or the failure to comply with the Public Float Requirement on the part of the Company
“Scaling-down”	the scale-down mechanisms of the Rights Issue as determined by the Company to which any application for the Rights Shares, whether under the PALs or EAFs, or transferees of nil-paid Rights Shares shall be subject to ensure that no application for the Rights Shares or the allotment thereof by the Company shall be at such level which may trigger any MGO Obligation or non-compliance with the Public Float Requirement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Share(s)”	the Existing Share(s) and/or the Consolidated Share(s), as the case may be
“Share Consolidation”	the proposed consolidation of every ten (10) issued and unissued Existing Shares of par value HK\$0.01 each into one (1) Consolidated Share of par value HK\$0.10 each
“Shareholder(s)”	the holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.34 per Rights Share
“substantial Shareholder(s)”	has the meaning as ascribed to it under the GEM Listing Rules
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers and Share Buy-backs

“Underwriter”	Silverbricks Securities Company Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the Underwriter
“Underwriting Agreement”	the underwriting agreement dated 25 May 2022 entered into among the Company and the Underwriter in relation to the underwriting arrangement in respect of the Rights Issue, and as revised, supplemented and/or amended from time to time in accordance with its terms
“Underwritten Shares”	up to 50,400,000 Rights Shares to be underwritten by the Underwriter on best-effort basis pursuant to the terms of the Underwriting Agreement (assuming no change in the share capital of the Company on or before the Record Date)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board  
**F8 Enterprises (Holdings) Group Limited**  
**Mr. Fong Chun Man**  
*Chairman and Executive Director*

Hong Kong, 25 May 2022

*As at the date of this announcement, the chairman and the executive Director of the Company is Mr. FONG Chun Man, the executive Directors are Ms. LO Pui Yee and Mr. CHAN Chi Fai; and the independent non-executive Directors are Mr. CHUI Chi Yun, Robert, Mr. KWONG Yuk Lap and Mr. WANG Anyuan.*

*This announcement, for which the directors of the Company 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 GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” page for at least 7 days from the date of its posting and on the Company’s website at [www.f8.com.hk](http://www.f8.com.hk).*