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DCB Holdings Limited

DCB控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8040)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



凱基證券

KGI ASIA

On 12 July 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 20,000,000 Placing Shares at the Placing Price of HK\$0.540 per Placing Share to not less than six Placees who and whose ultimate beneficial owners are Independent Third Parties. The Placing Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the AGM held on 2 August 2021.

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 Placing Shares under the Placing represent (i) approximately 6.25% of the existing issued share capital of the Company of 320,000,000 Shares as at the date of this announcement; and (ii) approximately 5.88% 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 HK\$200,000.

The Placing Price of HK\$0.540 per Placing Share represents a discount of approximately 1.82% to the benchmarked price of the Shares, which is the higher of (i) the closing price of HK\$0.550 as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) the average closing price of HK\$0.544 in the last five trading days prior to the date of the Placing Agreement. Subject to completion of the Placing, it is expected that the maximum gross proceeds and net proceeds from the Placing will be approximately HK\$10,800,000 and HK\$10,642,000 respectively. On such basis, the net issue price will be approximately HK\$0.532 per Placing Share.

Since completion of the Placing is subject to the fulfilment of the condition as set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

Date

12 July 2022 (after trading hours)

Issuer

The Company

Placing Agent

KGI Asia Limited

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Placees

The Placing Shares will be placed to not less than six Placees which will be professional, institutional, and/or other investors, and who and whose ultimate beneficial owners are Independent Third Parties. Upon Completion, it is expected that none of the Placees will become a substantial Shareholder (as defined in the GEM Listing Rules) immediately after the Completion.

Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and Completion, the Placing Agent shall place, on a best efforts basis, the maximum Placing Shares of up to 20,000,000 Shares representing approximately 6.25% of the existing issued share capital of the Company as at the date of this announcement and approximately 5.88% 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 Placing Shares will be HK\$200,000.

Placing Price

The Placing Price of HK\$0.540 per Placing Share represents (i) a discount of approximately 1.82% to the closing price of HK\$0.550 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 0.74% to the average of the closing prices per Share of approximately HK\$0.544 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

The Placing Price was determined and negotiated on an arm's length basis between the Company and the Placing Agent with reference to the prevailing market conditions, prevailing market prices and liquidity of the Shares. The Directors consider that the Placing Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Ranking of Placing Shares

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

Placing commission

The Placing Agent will receive a placing commission calculated as 1% of the amount equal to the Placing Price multiplied by the number of the Placing Shares successfully placed in accordance with the Placing Agreement. Such placing commission was arrived at after arm's length negotiation between the Company and the Placing Agent by reference to the size of the Placing and the prevailing market condition.

General Mandate to issue the Placing Shares

The Placing Shares will be issued under the General Mandate to allot, issue and deal with shares granted to the Directors by resolution of the Shareholders passed on 2 August 2021 subject to the limit up to 20% of the then issued share capital of the Company as on 2 August 2021.

Under the General Mandate, the Company is authorized to issue up to 64,000,000 Shares. Up to the date of this announcement, no Share has been issued under the General Mandate. The maximum of 20,000,000 Placing Shares to be allotted and issued will fall within the limit of the General Mandate. Accordingly, the issue of the Placing Shares is not subject to the approval of the Shareholders.

Conditions of the Placing

The Placing is conditional upon:

- (i) the Stock Exchange granting or agreeing to grant the approval for the listing of, and permission to deal in, the Placing Shares and such listing and permission not subsequently being revoked;
- (ii) all necessary consents and approvals required to be obtained on the part of the Company in respect of the Placing and the transactions contemplated thereunder having been obtained;
- (iii) there shall not have occurred any material breach or any event which renders any of the representations, warranties or undertakings by the Company under the Placing Agreement untrue, inaccurate or misleading; and
- (iv) the Placing Agreement not being terminated by the Placing Agent.

If the above conditions are not fulfilled by 26 July 2022, or such later date as the Company and the Placing Agent may agree in writing, the Placing Agreement shall terminate and all rights, obligations and liabilities of the parties hereunder in relation to the Placing shall cease and determine and that both parties shall be released from all their respective obligations pursuant to the Placing Agreement and neither party shall have any claim against the other party in respect of the Placing save for any antecedent breach.

Termination

The Placing Agent may, in its reasonable opinion, after consultation with the Company, terminate the Placing Agreement by notice in writing to the Company at any time up to 8:00 a.m. on the Completion Date if:

- (1) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (2) there is any breach of the warranties, representations and undertakings given by the Company in this Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or

- (3) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed; or
- (4) any statement contained in the Previous Announcements has become or been discovered to be untrue, incorrect or misleading in any material respect which in the opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (5) there is any suspension of dealings in the Shares on the Stock Exchange for more than five consecutive Business Days (other than as a result of or in connection with the Placing); or
- (6) any event of force majeure (being an event beyond the control of the parties and which is unforeseeable or unavoidable), including but without limiting the generality hereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out, occurs which prevents the performance of the contractual obligations of the parties under the Placing Agreement; or
- (7) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in the Cayman Islands or Hong Kong and if in the reasonable opinion of the Placing Agent any such new law or change would materially and adversely affect the business or financial prospects of the Group taken as a whole and/or have an adverse impact on the success of the Placing; or
- (8) any litigation or claim of material importance of any third party being instigated against any member of the Group, which has or may have a material adverse effect on the business or financial prospects of the Group taken as a whole and which in the reasonable opinion of the Placing Agent would materially prejudice the success of the Placing.

Upon the giving of notice to the Company pursuant to the Placing Agreement, all obligations of each of the parties under the Placing Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach of any obligation under the Placing Agreement.

Application for listing

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

Completion

The Placing shall complete on the Completion Date, being the third Business Days after the fulfilment of the conditions set out above are satisfied or such other date as the Company and the Placing Agent may agree in writing.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The principal activity of the Company is the provision of fitting-out and renovation services in the private sector in Hong Kong. The Group's clientele comprises (i) property developers, some of which are (or whose holding companies are) listed on the Stock Exchange; (ii) main contractors or direct contractors of the fitting-out and renovation projects; and (iii) owners or tenants of properties.

Assuming all the 20,000,000 Placing Shares are successfully placed, the gross proceeds raised from the Placing will be HK\$10,800,000. After taking into account the estimated expenses in relation to the Placing, the estimated net proceeds from the Placing will be approximately HK\$10,642,000, representing a net price of approximately HK\$0.532 per Placing Share.

The Company intends to apply the entire net proceeds from the Placing for general working capital for operation. The Directors consider that the Placing represents a good opportunity to raise additional funds through the equity market as well as to broaden the capital and shareholder base of the Company. Accordingly, the Board considers that the terms of the Placing are fair and reasonable and the Placing is in the interests of the Company and the Shareholders as a whole.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Placing (subject to completion of the Placing and assuming that there is no other change in the shareholding structure of the Company before the allotment and issue of the Placing Shares under the Placing) are set out below:

Shareholders	As at the date of this announcement		Immediately upon completion of the Placing	
	Number of issued Shares	Approximate %	Number of issued Shares	Approximate %
Advance Goal Group Limited (Note 1)	164,200,000	51.31%	164,200,000	48.29%
Chui Kai Tai (Note 2)	12,800,000	4.00%	12,800,000	3.76%
Leung Kwok Hi Michael (Note 2)	3,200,000	1.00%	3,200,000	0.94%
Lin Xiaoling (Note 2)	3,200,000	1.00%	3,200,000	0.94%
Leung Yiu Cheong (Note 2)	2,500,000	0.78%	2,500,000	0.74%
Chow Kwok Kee (Note 2)	80,000	0.03%	80,000	0.02%
Placees	0	0.00%	20,000,000	5.88%
Other public Shareholders	134,020,000	41.88%	134,020,000	39.42%
Total	320,000,000	100.00%	340,000,000	100.00%

Note:

1. The entire issued share capital of Advance Goal Group Limited (“Advance Goal”) is legally and beneficially owned as to 55%, 35% and 10% by Mr. Cheng Tsang Wai, Mr. Cheng Tsang Fu Dennis and Ms. Liu Lee Lee Lily, respectively. Mr. Cheng Tsang Fu Dennis and Ms. Liu Lee Lee Lily are the Directors of the Company.
2. Mr. Chui Kai Tai, Prof. Leung Kwok Hi Michael, Ms. Lin Xiaoling, Prof. Leung Yiu Cheong and Mr. Chow Kwok Kee are Directors of the Company.

FUND RAISING ACTIVITY OF THE COMPANY IN THE PAST TWELVE MONTHS

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

Shareholders and potential investors should note that Completion is subject to fulfillment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or Sunday or days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks in Hong Kong are open for general banking business
“Company”	DCB Holdings Limited, a company incorporated in the Cayman Islands with limited liability with its shares listed on GEM
“Completion”	completion of the placing of the Placing Shares in accordance with the terms and conditions as set out in the Placing Agreement
“Completion Date”	the date within three (3) Business Days after the date on which all the conditions set out in the Placing Agreement are satisfied or such other date as the Company and the Placing Agent may agree in writing
“connected persons”	has the meanings as ascribed thereto under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“GEM”	the GEM 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 at the annual general meeting of the Company held on 2 August 2021 to allot, issue or deal with up to 20% of the then issued share capital of the Company on 2 August 2021
“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)”	party(ies) who is (are) not connected person(s) of the Company and its subsidiaries and is (are) third party(ies) independent of the Company and connected persons of the Company
“Last Trading Day”	12 July 2022, being the last trading day for the Shares prior to signing of the Placing Agreement, which took place after trading hours
“Placee(s)”	any professional, institutional or other investors, who and whose ultimate beneficial owners are Independent Third Parties, to be procured by or on behalf of the Placing Agent to subscribe for any of the Placing Shares
“Placing”	the placing, on a best efforts basis, of up to 20,000,000 Shares pursuant to the terms of the Placing Agreement
“Placing Agent”	KGI Asia Limited, a licensed corporation to carry on type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the exclusive agent of the Company to the Placing
“Placing Agreement”	the placing agreement dated 12 July 2022 and entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.54 per Placing Share
“Placing Shares”	up to 20,000,000 Shares to be placed under the Placing
“Share(s)”	ordinary issued share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“HK\$” Hong Kong dollars, the lawful currency of Hong Kong

“%” per cent.

By order of the Board
DCB Holdings Limited
Cheng Tsang Fu Dennis
Chairman and Executive Director

Hong Kong, 12 July 2022

As at the date of this announcement, the executive directors of the Company are Mr. Cheng Tsang Fu Dennis, Ms. Liu Lee Lily and Mr. Chui Kai Tai; the non-executive directors of the Company are Professor Leung Yiu Cheong Dennis and Professor Leung Kwok Hi Michael; and the independent non-executive directors of the Company are Mr. Cheung Kwok Keung, Mr. Chow Kwok Kee and Ms. Lin Xiaoling.

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 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 in the “Latest Company Announcements” page of the GEM website at www.hkexnews.hk for at least seven days from the date of its posting and on the website of the Company at www.dcb.com.hk.