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TONG KEE (HOLDING) LIMITED

棠記（控股）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8305)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



Yuet Sheung International Securities Limited

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 22 September 2023 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, up to 210,000,000 Placing Shares at a price of HK\$0.072 per Placing Share to the Placee(s) who and whose beneficial owner(s) shall be Independent Third Party(ies).

The Placing Price of HK\$0.072 per Placing Share represents (i) a premium of approximately 20% over the closing price of HK\$0.060 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a premium of approximately 22.87% over the average of the closing prices per Share of HK\$0.0586 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and Completion, the maximum number of Placing Shares of 210,000,000 Shares represents 20% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares.

GENERAL

The Placing Shares shall be allotted and issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the annual general meeting of the Company held on 10 May 2023.

Subject to Completion, and assuming all the Placing Shares will be successfully placed by the Placing Agent, it is expected that the maximum gross proceeds from the Placing will be approximately HK\$15,120,000 and the net proceeds, after the deduction of the placing commission and other related expenses, is estimated to be approximately HK\$14,700,000, representing a net issue price of approximately HK\$0.070 per Placing Share.

The Company intends to use the net proceeds raised from the Placing as to approximately HK\$7,800,000 for the repayment of bank borrowings, and as to approximately HK\$6,900,000 for the general working capital of the Group.

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

PLACING OF NEW SHARES UNDER GENERAL MANDATE

The Board announces that on 22 September 2023 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, up to 210,000,000 Placing Shares at a price of HK\$0.072 per Placing Share to the Placee(s) who and whose beneficial owner(s) shall be Independent Third Party(ies).

THE PLACING AGREEMENT

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

Date: 22 September 2023

- Parties:** (i) the Company, as the issuer; and
- (ii) Yuet Sheung International Securities Limited, as the Placing Agent

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

Pursuant to the terms and conditions of the Placing Agreement, the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 210,000,000 Placing Shares at the Placing Price of HK\$0.072 per Placing Share to the Placee(s) who and whose beneficial owner(s) shall be Independent Third Party(ies).

Placing commission

Subject to the Completion, the Company shall pay to the Placing Agent a placing commission equivalent to 3.0% of the aggregate Placing Price of the Placing Shares successfully placed by the Placing Agent. The Placing commission was negotiated on an arm's length basis between the Company and the Placing Agent and determined with reference to, amongst other things, the prevailing commission rate charged by other placing agents and the size of the Placing. The Directors consider that the terms of the Placing, including the placing commission, are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

Placee(s)

The Placing Shares will be placed on a best endeavour basis to not less than six Placees, who and whose ultimate beneficial owner(s) (where applicable) will be Independent Third Party(ies). It is expected that none of the Placees will become a substantial Shareholder (as defined in the GEM Listing Rules) immediately after Completion.

Number of Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and Completion, the maximum number of Placing Shares of 210,000,000 Shares represents 20% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares. The nominal value of the maximum number of Placing Shares under the Placing will be HK\$2,100,000.

Placing Price

The Placing Price of HK\$0.072 per Placing Share represents (i) a premium of approximately 20% over the closing price of HK\$0.060 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a premium of approximately 22.87% over the average of the closing prices per Share of HK\$0.0586 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 historical and prevailing market prices of the Shares as well as the historical performances and present financial position of the Group. Given the current market conditions and the size of the Placing Shares involved, the Directors consider that the Placing Price is fair and reasonable, on normal commercial terms and the Placing is in the interests of the Company and the Shareholders as a whole.

Ranking of Placing Shares

The Placing Shares shall rank *pari passu* in all respects among themselves and with the existing issued Shares on the date of allotment and issue of the Placing Shares.

Conditions precedent of the Placing Agreement

The Placing is conditional upon (i) the Placing Agent having received in immediately available funds the aggregate Placing Price of the Placing Shares from the Placee(s) and confirmed the same in writing to the Company; and (ii) the GEM Listing Committee granting a listing of, and permission to deal in, all the Placing Shares to be placed pursuant to the terms and conditions of the Placing Agreement.

If the above conditions are not fulfilled on or before 20 October 2023 or such later date as may be agreed between the Company and the Placing Agent in writing, all rights, obligations and liabilities of the parties under the Placing Agreement in relation to the Placing shall cease and terminate and none of the parties to the Placing Agreement shall have any claim against the other in relation to the Placing Agreement save for any antecedent breach.

Completion of the Placing

The Placing shall complete on the fifth Business Day after the fulfillment of the conditions set out above (or such other date as may be agreed between the parties in writing).

Termination

The Placing Agent shall be entitled by way of written notice to the Company given prior to 4:00 p.m. on the day immediately preceding the date of Completion to terminate the Placing Agreement if:

- (i) any Specified Event comes to the notice of the Placing Agent; or
- (ii) there develops, occurs or comes into force:
 - (a) any new law or regulation or any change in existing laws or regulations or the interpretation thereof by any court or other competent authority in Hong Kong or the People's Republic of China which is reasonably expected to materially and adversely affect the business or financial condition or prospects of the Company as a whole; or
 - (b) any local, regional, national or international event or change (whether or not permanent or forming part of a series of events or changes occurring or continuing, on and/or after the date hereof) of a political, military, economic or other nature (whether or not ejusdem generis with the foregoing) which will, or is reasonably expected to be expected to, have a material adverse effect on the Placing; or
 - (c) any significant change (whether or not permanent) in local, regional, national or international market conditions (or in conditions affecting a sector of the market) which has or is reasonably expected to have a material adverse effect on the Placing; or
- (iii) there is a material adverse change in the business or in the financial or trading position of the Company taken as a whole which being unaware of by the Placing Agent and is material in the context of the Placing.

If written notice is given pursuant to the above, the Placing Agreement shall terminate and be of no further effect and neither party shall be under any liability to the other party in respect of the Placing Agreement save for any rights or obligations which may have accrued under the Placing Agreement prior to such termination.

Application for listing

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

GENERAL MANDATE TO ALLOT AND ISSUE THE PLACING SHARES

The Placing Shares will be issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 10 May 2023, subject to the limit up to 20% of the total number of issued shares of the Company as at 10 May 2023.

Under the General Mandate, the Company is authorised to issue up to 210,000,000 new Shares. Up to the date of this announcement, no Share has been issued under the General Mandate. The maximum of 210,000,000 Placing Shares to be allotted and issued will utilise 100% of the General Mandate. Accordingly, the allotment and issue of the Placing Shares is not subject to further approval of the Shareholders.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in performing repair, maintenance, alteration and addition works, new construction works and corrosion protection works in Hong Kong.

Subject to Completion and assuming all the Placing Shares are successfully placed by the Placing Agent, the maximum gross proceeds from the Placing will be approximately HK\$15,120,000 and the net proceeds, after the deduction of the placing commission and other related expenses, are estimated to be approximately HK\$14,700,000, representing a net issue price of approximately HK\$0.070 per Placing Share. On such basis, the maximum net price raised per Placing Share upon Completion will be approximately HK\$0.07. The net proceeds from the Placing are intended to be used as to approximately HK\$7,800,000 for the repayment of bank borrowings, and as to approximately HK\$6,900,000 for the general working capital of the Group.

The Board considers that the Placing represents a good opportunity to raise additional funds to strengthen the financial position of the Group and provide funding to the Group to finance its working capital needs and to meet its financial obligations. It will also widen the Company's shareholder base and should improve the liquidity of the Shares. In view of the above, the Directors (including independent non-executive Directors) consider that the terms of the Placing Agreement are fair and reasonable and the Placing is in the interests of the Company and the Shareholders as a whole.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquires, the following table sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) upon Completion (assuming the Placing Shares are subscribed in full and there is no other change in the shareholding structure of the Company between the date of this announcement and Completion):

Shareholders	As at the date of this announcement		Upon Completion (assuming the Placing Shares are subscribed in full and there is no other change in the shareholding structure of the Company between the date of this announcement and Completion)	
	No. of Shares	%	No. of Shares	Approximate %
<i>Director</i>				
Advanced Pacific Enterprises Limited (“ Advanced Pacific ”) (Note 1)	535,500,000	51.00	535,500,000	42.50
Placee(s)	–	–	210,000,000	16.67
Other public Shareholders	514,500,000	49.00	514,500,000	40.83
	<u>1,050,000,000</u>	<u>100.00</u>	<u>1,260,000,000</u>	<u>100.00</u>

Notes:

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

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

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

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

DEFINITIONS

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

“associates”	has the meaning ascribed thereunder the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (not being a Saturday, Sunday or public holiday in Hong Kong) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	Tong Kee (Holding) Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM (stock code: 8305)
“Completion”	Completion of the Placing in accordance with the terms and conditions as set out in the Placing Agreement
“Director(s)”	director(s) of the Company
“GEM”	GEM of the Stock Exchange
“GEM Listing Committee”	has the meaning ascribed thereunder the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 10 May 2023, pursuant to which a maximum of 210,000,000 new Shares may fall to be allotted and issued
“Group”	the Company and its subsidiaries

“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons (as defined under the GEM Listing Rules) and is not acting in concert (as defined in the Codes on Takeovers and Mergers and Share Buy-backs) with any of the connected persons of the Company or any of their respective associates
“Placee(s)”	any individuals, corporate, institutional investors or other investors to be procured by or on behalf of the Placing Agent under the Placing
“Placing”	the offer by way of private placing of the Placing Shares by or on behalf of the Placing Agent to the Placee(s) pursuant to the terms of the Placing Agreement
“Placing Agent”	Yuet Sheung International Securities Limited, a licensed corporation to carry out business in 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)
“Placing Agreement”	the conditional placing agreement dated 22 September 2023 and entered into between the Company and the Placing Agent in relation to the Placing under the General Mandate
“Placing Price”	HK\$0.072 per Placing Share
“Placing Share(s)”	up to 210,000,000 new Shares to be placed pursuant to the terms and conditions of the Placing Agreement
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Specified Event”	means an event occurring or matter arising on or after the date of the Placing Agreement and prior to the date of Completion which has rendered any of the undertakings, warranties and representations given by the Company in the Placing Agreement untrue or incorrect and incapable of being remedied and such would have a material adverse impact on the Placing

“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
Tong Kee (Holding) Limited
Heung Chung Sum
Chairman, Chief Executive Officer and Executive Director

Hong Kong, 22 September 2023

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at www.hkexnews.hk for at least 7 days from the date of its publication and be posted on the website of the Company at www.tongkee.com.hk.