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HATCHER GROUP LIMITED

亦辰集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8365)

- (1) PROPOSED SHARE CONSOLIDATION;**
- (2) PROPOSED CHANGE IN BOARD LOT SIZE;**
- (3) MAJOR TRANSACTION;**
- (4) PROPOSED ISSUE OF CONVERTIBLE NOTE UNDER SPECIFIC MANDATE; AND**
- (5) MEMORANDUM OF UNDERSTANDING ON STRATEGIC COOPERATION**

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 twenty-five (25) issued and unissued Existing Shares of par value HK\$0.01 each into one (1) Consolidated Share of par value of HK\$0.25 each. The Share Consolidation is conditional upon, among other things, the approval by the Shareholders by way of poll at the EGM.

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 892,034,000 Existing Shares have been issued and are fully paid or credited as fully paid. Assuming no further Shares will be issued or repurchased between the date of this announcement and the date of the EGM, immediately after the Share Consolidation becoming effective, the authorised share capital of the Company will become HK\$20,000,000 divided into 80,000,000 Consolidated Shares of HK\$0.25 each, of which 35,681,360 Consolidated Shares (which are fully paid or credited as fully paid) will be in issue.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lot size of 5,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 5,000 Existing Shares to 2,000 Consolidated Shares conditional upon the Share Consolidation becoming effective.

MAJOR TRANSACTION

The Board is pleased to announce that on 6 October 2023 (after trading hours of the Stock Exchange), each of the Company (the Purchaser) and the Vendor, entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Shares of the representing approximately 13.5% equity interest of the Target Company, at a consideration of HK\$57,957,900.

PROPOSED ISSUE OF CONVERTIBLE NOTE UNDER SPECIFIC MANDATE

Pursuant to the terms of the Sale and Purchase Agreement, the Company will issue the Convertible Note in an aggregate principal amount of HK\$30,000,000 to the Vendor (or its nominee(s)) as part of the Consideration upon the Acquisition Completion.

Assuming there will be no issue or repurchase of shares of the Company from the date of this announcement, upon the exercise in full of the conversion rights attaching to the Convertible Note at the Conversion Price, the Company will issue and allot an aggregate of 15,000,000 Conversion Shares, representing approximately 42.04% of the issued share capital of the Company as at the date of this announcement, assuming the Share Consolidation becoming effective, and approximately 29.60% of the issued share capital of the Company, assuming the Share Consolidation becoming effective, as enlarged by the issue and allotment of the Conversion Shares.

The Conversion Shares will be issued and allotted under the Specific Mandate to be granted by the Shareholders at the EGM. The Conversion Shares shall rank equally among themselves and pari passu in all respects with the Shares in issue on the date of issue and allotment of the Conversion Shares.

GEM LISTING RULES IMPLICATION

The Share Consolidation is conditional upon, among other things, the approval by the Shareholders by way of poll 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.

As more than one of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition exceed 25% but all of them are less than 100%, the Acquisition constitutes a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

As the Conversion Shares will be issued and allotted under the Specific Mandate to be obtained at the EGM, the grant of the Specific Mandate for the issuance and allotment of the Subscription Shares is subject to the Independent Shareholders' approval at the EGM.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders or any of their respective associate(s) have any material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder. As such, no Shareholder is required to abstain from voting under the GEM Listing Rules on the resolution approving the Acquisition.

The Company will make an application to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange. No application will be made for the listing of the Convertible Note on the Stock Exchange or any other stock exchange.

A circular containing, among other things, (i) further details of the proposed Share Consolidation, the Acquisition and proposed issue of Convertible Note and (ii) a notice convening the EGM, will be despatched to the Shareholders as soon as practicable in accordance with the GEM Listing Rules.

EGM

The EGM will be convened to consider and, if thought fit, approve (i) the Share Consolidation; (ii) the Sale and Purchase Agreement and (iii) the grant of the Specific Mandate for the transactions contemplated thereunder. To the best of the knowledge, information and belief of the Directors, none of the Shareholders has a material interest in the transactions contemplated under the Sale and Purchase Agreement as at the date of this announcement. Accordingly, none of the Shareholder will be required to abstain from voting at the EGM in respect of the relevant resolution(s) relating to the Specific Mandate.

WARNING OF THE RISKS OF DEALING IN THE EXISTING SHARES AND THE CONSOLIDATED 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 paragraph headed “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 Acquisition is conditional upon the satisfaction of the conditions as set out in the paragraph headed “Conditions precedent of the Acquisition” in this announcement. Accordingly, the Acquisition may or may not proceed.

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 twenty-five (25) issued and unissued Existing Shares of par value HK\$0.01 each into one (1) Consolidated Share of par value of HK\$0.25 each. The Share Consolidation is conditional upon, among other things, the approval by the Shareholders by way of poll at the EGM.

Conditions of the Share Consolidation

The implementation of the Share Consolidation is conditional upon the following:

- (i) the passing of the ordinary resolution by the Shareholders at the EGM to approve the Share Consolidation at the EGM;
- (ii) the compliance with all relevant procedures and requirements under the laws of the Cayman Islands (where applicable) and the obtaining of all necessary approvals from the regulatory authorities or otherwise as may be required in respect of the Share Consolidation, if any; and
- (iii) the Listing Committee granting the listing of, and permission to deal in, the Consolidated Shares in issued and to be issued upon the Share Consolidation becoming effective.

The Share Consolidation will become effective on the second Business Day immediately following the fulfillment of the above conditions.

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 892,034,000 Existing Shares have been issued and are fully paid or credited as fully paid. Assuming no further Shares will be issued or repurchased between the date of this announcement and the date of the EGM, immediately after the Share Consolidation becoming effective, the authorised share capital of the Company will become HK\$20,000,000 divided into 80,000,000 Consolidated Shares of HK\$0.25 each, of which 35,681,360 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. The Share Consolidation will not result in any change in the relative rights or proportionate interests of the holders of shares of the same class.

Other than the relevant 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 and the necessary professional expenses for the implementation of the Share Consolidation.

The Board believes that the Share Consolidation will not have any material adverse effect on the financial position of the Group and that on the date the Share Consolidation is to be effected, there are no reasonable grounds for believing that the Company is, or after the Share Consolidation would be, unable to pay its liabilities as they become due. The Share Consolidation will not involve any diminution of any liability in respect of any unpaid capital of the Company or the repayment to the Shareholders of any unpaid capital of the Company nor will it result in any change in the relative rights of the Shareholders.

Fractional entitlement to Consolidated Shares

Fractional Consolidated Shares arising from the Share Consolidation, if any, will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold and retained for the benefit of the Company. 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.

Odd lot arrangements and matching services

In order to alleviate the difficulties arising from the existence of odd lot of the Consolidated Shares arising from the Share Consolidation, the Company will procure an arrangement with an agent to stand in the market to provide matching services for sale and purchase of odd lot of the Consolidated Shares on a best effort basis. Further details in respect of the odd lot arrangements will be set out in the circular to be despatched to the Shareholders in relation to, among others, the Share Consolidation.

Holders of odd lot of the Consolidated Shares should note that successful matching of the sale and purchase of odd lot of the Consolidated Shares are not warranted. Any Shareholder who is in any doubt about the odd lot arrangements is recommended to consult his/her/its own professional advisers.

Exchange of share certificates

Subject to the Share Consolidation having become effective, Shareholders may, during the period from 9:00 a.m. on 5 December 2023 to 4:30 p.m. on 15 January 2024 (both days inclusive), submit the existing share certificates for the Existing Shares to the Registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, to exchange, at the expense of the Company, for new share certificates for the Consolidated Shares. Thereafter, existing share certificates for Existing Shares will continue to be good evidence of legal title and may be exchanged for new share certificates for Consolidated Shares at the expense of the Shareholders on payment of a fee of HK\$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) for each existing share certificate cancelled or each new share certificate issued for Consolidated Shares (whichever is higher) but are not acceptable for delivery, trading and settlement purposes.

Closure of register of members for the EGM

The register of members of the Company will be closed from 27 November 2023 to 1 December 2023 (both dates inclusive) for determining the identity of the Shareholders entitled to attend and vote at the EGM. No transfer of Shares will be registered during the above book closure period.

Listing and dealings

Application will be made by the Company to the Listing Committee for the granting of 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 the permission to deal in, the Consolidated Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the 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 dealings in the Consolidated Shares on the Stock Exchange, or such other date as 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 settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time and all necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS.

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.

Adjustments in relation to other securities of the Company

As at the date of this announcement, there are outstanding Share Options for subscription of an aggregate of 44,300,000 Existing Shares under the Share Option Scheme. The Share Consolidation may lead to adjustments to the exercise price and/or the number of Consolidated Shares falling to be issued upon exercise of the outstanding Share Options pursuant to the terms and conditions of the Share Option Scheme. The Company will publish announcement(s) on such adjustments as and when appropriate. Save for the aforesaid, the Company has no other outstanding convertible securities, options or warrants in issue which are convertible or exchangeable into Shares as at the date of this announcement.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in the board lot size of 5,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 5,000 Existing Shares to 2,000 Consolidated Shares per board lot, conditional upon the Share Consolidation becoming effective.

Based on the closing price of HK\$0.073 per Existing Share (equivalent to the theoretical closing price of HK\$1.825 per Consolidated Share) as at the date of this announcement, (i) the value of each existing board lot of Existing Shares is HK\$365; (ii) the value of each board lot of 5,000 Consolidated Shares would be HK\$9,375 on the assumption that the Share Consolidation becomes effective; and (iii) the value of each board lot of 2,000 Consolidated Shares would be HK\$3,750 on the assumption that the Change in Board Lot Size has also become effective.

The Change in Board Lot Size will not result in any change in relative rights of the Shareholders.

REASONS FOR THE PROPOSED SHARE CONSOLIDATION AND THE CHANGE IN BOARD LOT SIZE

Pursuant to Rule 17.76 of the GEM Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995, the Stock Exchange reserves the right to require the issuer to change the trading method or to proceed with a consolidation or splitting of its securities.

Pursuant to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and last updated on 1 October 2020, the expected board lot value should be greater than HK\$2,000 per board lot taking into account the minimum transaction costs for a securities trade. As at the date of this announcement, the closing price of each Existing Share is HK\$365, with a board lot size of 5,000 Existing Shares, the Existing Shares are trading under HK\$146 per board lot.

The Existing Shares have been trading not exceeding HK\$1.70 each and from time to time below HK\$0.100 during the past 12 months. The Board considers that the proposed Share Consolidation and Change in Board Lot Size, resulting in a theoretical price HK\$1.83 per Consolidated Share and HK\$3,650 per board lot of 2,000 Consolidated Shares (based on the closing price of HK\$0.073 per Existing Share as at the date of this announcement), would enable the Company to avoid the occurrence of non-compliance with the trading requirements under the GEM Listing Rules. The Board believes the Share Consolidation and the Change in Board Lot Size will not have any material adverse effect on the financial position of the Company nor result in change in the relative rights of the Shareholders and are in the interests of the Company and the Shareholders as a whole.

In addition, it is believed that the adjusted share price as a result of the Share Consolidation would maintain the trading amount for each board lot at a reasonable level and will enhance the corporate image of the Company so as to make investing in the Shares more attractive to a broader range of institutional and professional investors and thus help to further broaden the shareholder base of the Company. The Directors also believe that the Share Consolidation will provide greater opportunity for and more flexibility in the Company's possible equity fund raising or transactions involving the issuing of equity and derivatives in the future.

The Board considers that the Share Consolidation and the Change in Board Lot Size are essential to achieve the above-mentioned purpose. Taking into account of the potential benefits and the insignificant amount of costs to be incurred, the Board is of the view that the Share Consolidation is in the best interest of the Company and the Shareholders as a whole.

Other corporate actions and fundraising activities in the next twelve months

Save for the Conversion Share upon the exercise after Convertible Note, as at the date of this announcement, the Company does not have any current intention or plans to undertake any fundraising plans. However, the Directors will not rule out any fundraising activities they may consider when it is reasonably necessary for the Group to raise fund to meet its operational needs or for future development. The Directors will carefully consider the likely impact on the Shareholders before they will proceed on any fundraising exercises.

EXPECTED TIMETABLE

Set out below is the expected timetable for the Share Consolidation and the Change in Board Lot Size, which is indicative only and has been prepared on the assumption that all the conditions of the Share Consolidation be fulfilled or otherwise waived:

Event	Date and Time
Publication of the announcement	Friday, 6 October 2023
Expected despatch date of the Circular together with notice of EGM and proxy form for EGM	Friday, 10 November 2023
Latest time for lodging transfer documents of the Shares to qualify for attendance and voting at the EGM	4:30 p.m. on Friday, 24 November 2023
Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the EGM	Monday, 27 November 2023 to Friday, 1 December 2023 (both dates inclusive)

Latest time for lodging proxy forms for the EGM	3:00 p.m. on Wednesday, 29 November 2023
Record date for attendance and voting at the EGM	Friday, 1 December 2023
Expected date and time of the EGM to approve the proposed Share Consolidation	3:00 p.m. on Friday, 1 December 2023
Announcement of the poll results of the EGM	Friday, 1 December 2023
Register of members of the Company re-opens	Monday, 4 December 2023
The following events are conditional on the fulfillment of the conditions for the implementation of the Share Consolidation and the Change in Board Lot Size.	
Effective date of the Share Consolidation	Tuesday, 5 December 2023
First day of free exchange of existing share certificates of Existing Shares for new share certificates of the Consolidated Shares	Tuesday, 5 December 2023
Commencement of dealings in the Consolidated Shares	9:00 a.m. on Tuesday, 5 December 2023
Original counter for trading in the Existing Shares in board lots of 5,000 Existing Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Tuesday, 5 December 2023
Temporary counter for trading in board lots of 200 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Tuesday, 5 December 2023
Original counter for trading in Consolidated Shares in board lot of 2,000 Consolidated Shares (in the form of new share certificates for Consolidated Shares) re-opens	9:00 a.m. on Tuesday, 19 December 2023
Parallel trading in the Consolidated Shares (in the form of existing share certificates and new share certificates for the Consolidated Shares) commences	9:00 a.m. on Tuesday, 19 December 2023
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of the Consolidated Shares	9:00 a.m. on Tuesday, 19 December 2023

Designated broker ceases to stand in the market to provide matching services for sale and purchase of odd lots of the Consolidated Shares	4:00 p.m. on Thursday, 11 January 2024
Temporary counter for trading in Consolidated Shares in board lot of 200 Consolidated Shares (in the form of existing share certificates) closes	4:10 p.m. on Thursday, 11 January 2024
Parallel trading in the Consolidated Shares (in the form of new share certificates and existing share certificates) ends	4:10 p.m. on Thursday, 11 January 2024
Last day and time for free exchange of existing share certificates of the Existing Shares for new share certificates of the Consolidated Shares	4:30 p.m. on Monday, 15 January 2024

GEM LISTING RULES IMPLICATION

The Share Consolidation is conditional upon, among other things, the approval by the Shareholders by way of poll 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.

THE ACQUISITION

The Board is pleased to announce that on 6 October 2023 (after trading hours of the Stock Exchange), each of the Company (the Purchaser) and the Vendor, entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Shares of representing approximately 13.5% equity interest of the Target Company, at a consideration of HK\$57,957,900.

The principal terms of the Sale and Purchase Agreement are summarized as follows:

Date:	6 October 2023 (after trading hours of the Stock Exchange)
Parties:	(i) the Vendor; and (ii) the Purchaser: the Company

The Target Company is an investment holding company incorporated in British Virgin Islands with limited liabilities, which holds the entire equity interest of GoGoChart.

GoGoChart is principally engaged in providing all-rounded digital marketing service. As at the date of this announcement, the Vendor is interested in approximately 13.5% equity interest of the Target Company.

The Vendor is Leading Star Ventures Limited, and its ultimate beneficial owner is Mr. Lo. Mr. Lo is the founder and chief executive officer of GoGoChart and has over 10 years of digital marketing experience in e-commerce, web and mobile app marketing.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, the Vendor is an ultimate beneficial owner and its respective associates are Independent Third Parties.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to sell, the Sale Shares represent approximately 13.5% equity interest of the Target Company.

As at the date of this announcement, the Vendor is the legal and beneficial owner of the Sale Shares.

Upon the Acquisition Completion, the Target Company will become an associate of the Company and the financial result, assets and liabilities of the Target Company will not be consolidated into the accounts of the Group.

Consideration

The Consideration shall be paid and settled in the following manner:

- (a) HK\$30,000,000 by way of the issue of the Convertible Note with the Conversion Price (being HK\$2.0 per Conversion Share) to the Vendor (or its nominee(s)) upon the Acquisition Completion; and
- (b) The remaining HK\$27,957,900 by way of issuing the Promissory Note duly signed by the Purchaser to the Vendor (or its nominee(s)) upon the Acquisition Completion on the terms and conditions are set out in the Sale and Purchase Agreement.

The Consideration was agreed after arm's length negotiations between the Vendor and the Company having taken into account of various relevant factors including, among other things, the Target Company's business, the average revenue generated by GoGoChart for the years ended 31 December 2021 and 2022 with the price-to-revenue ratio of 10x, business prospects and market position as well as other factors set out in the section headed "**REASONS FOR AND BENEFITS OF THE ACQUISITION**" below, and the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholder as a whole.

Conditions precedent of the Acquisition

The Acquisition Completion is subject to the following conditions being satisfied:

- (a) the Purchaser is satisfied with the Due Diligence Review on the Target Company;
- (b) where applicable, the Vendor having procured that any and all of the Target Company's shareholder's loan having paid and settled in full prior to the Acquisition Completion;
- (c) The ordinary resolution(s) for approving the Sale and Purchase Agreement, and the transactions contemplated thereunder (including the issue of the Convertible Note and the Conversion Shares) having been duly passed by the Shareholders at the EGM;
- (d) the Stock Exchange having granted approval for the listing of, and permission to deal in, the the Conversion Shares;
- (e) no indication from the Stock Exchange having been received to the effect that the listing of shares of the Company will or may be withdrawn or objected to for any reason attributable to the transactions contemplated under the Sale and Purchase Agreement or the Acquisition Completion;
- (f) there having been no material breach of any of the warranties given by the Vendor under the Sale and Purchase Agreement; and
- (g) all necessary consents, approvals, authorisations and licenses in relation to the transactions contemplated under the Sale and Purchase Agreement having been obtained.

The Purchaser may waive any of the above conditions precedent in (a), (b), (f) and (g) by giving notice in writing to the Vendor. The Vendor and the Company shall use (to the extent they are able) their respective best endeavours to procure the fulfilment of the conditions set out above on or before the Acquisition Long Stop Date or such other date as the parties may agree in writing. If any of the conditions precedent set out above have not been fulfilled (or waived, where applicable) in all respects prior to the Acquisition Long Stop Date, the Sale and Purchase Agreement shall be terminated automatically and of no further effect.

CONVERTIBLE NOTE

Pursuant to the terms of the Sale and Purchase Agreement, the Company will issue the Convertible Note in an aggregate principal amount of HK\$30,000,000 to the Vendor (or its nominee(s)) as part of the Consideration upon the Acquisition Completion. Principal terms of the Convertible Note are set out as follows:

- Issuer : The Company
- Maturity date : 2 years from the date of Acquisition Completion Date
- Interest : The Convertible Note does not bear any interest
- Conversion price : HK\$2.00 per Conversion Share (subject to adjustment)
- Transferability : The Convertible Note will be freely transferable with prior written consent of the Company. Such transfer shall comply with the requirements under the GEM Listing Rules and/or requirements imposed by the Stock Exchange (if any).
- Conversion : Holder(s) of the Convertible Note shall have the right at any time and from time to time during the period commencing from the date of the Convertible Note and ending on the maturity date (both days inclusive) to convert in whole or in part of the outstanding principal amount of the Convertible Note. The right to convert shall not be exercisable to the extent that the aggregate shareholding of a Shareholder (together with parties acting in concert (as defined in the Takeovers Code) with such Shareholder) will (1) result in the public float of the Company less than 25% of the issued share capital of the Company; trigger an obligation to make a general offer under the Takeovers Code after such exercise of the conversion; or (2) exceed 29.9% (or such lower amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) of the issued share capital or voting rights of the Company (as enlarged by the issue and allotment of the relevant Conversion Shares), following such exercise of the conversion.
- Adjustment to conversion : Subject to customary adjustment provisions.
- Early redemption : With written consent of holder(s) of the Convertible Note, the Company may redeem in whole or in part the Convertible Note at their face value prior to maturity.

- Voting rights and ranking : Holder(s) of the Convertible Note shall not be entitled to attend or vote at any general meeting of the Company.
- Listing : The Convertible Note will not be listed on the Stock Exchange or any other stock exchange. An application will be made to the Stock Exchange for the listing of, and permission to deal in the Conversion Shares.

Conversion Shares

Assuming there will be no issue or repurchase of shares of the Company from the date of this announcement, upon the exercise in full of the conversion rights attaching to the Convertible Note at the Conversion Price, the Company will issue and allot an aggregate of 15,000,000 Conversion Shares, representing approximately 42.04% of the issued share capital of the Company, assuming the Share Consolidation becoming effective, as at the date of this announcement and approximately 29.60% of the issued share capital of the Company, assuming the Share Consolidation becoming effective, as enlarged by the issue and allotment of the Conversion Shares.

The Conversion Shares will be issued and allotted under the Specific Mandate to be granted by the Shareholders at the EGM. The Conversion Shares shall rank equally among themselves and pari passu in all respects with the Shares in issue on the date of issue and allotment of the Conversion Shares.

Conversion Price

The Conversion Price of HK\$2.00 per Conversion Share represents:

- (i) a premium of approximately 9.59% to the closing price of HK\$1.83 per Consolidated Share as quoted on the Stock Exchange on the date of the Sale and Purchase Agreement (assuming the Share Consolidation becoming effective); and
- (ii) a premium of approximately 10.80% to the average closing price of approximately HK\$1.81 per Consolidated Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Sale and Purchase Agreement (assuming the Share Consolidation becoming effective).

The Conversion Price was determined after arm's length negotiations between the Vendor and the Company with reference to among other things, the prevailing market price of the Shares. The Directors consider the Conversion Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Application for listing

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares to be issued upon the exercise of the conversion rights attaching to the Convertible Note.

The Promissory Note

Pursuant to the Sale and Purchase Agreement, upon the Acquisition Completion, the Purchaser shall issue to the Vendor the Promissory Note on the following principal terms:

Issuer	:	the Purchaser
Issue date	:	The Acquisition Completion Date
Principal amount	:	HK\$27,957,900
Holder of the promissory note	:	The Vendor
Maturity date	:	5 years from the Acquisition Completion Date
Interest rate	:	5% per annum
Transferability	:	Non-transferable
Repayment and redemption	:	The Purchaser may early repay all or part of the outstanding amount by giving not less than 10 business days' notice to the previously noteholder

Acquisition Completion

Subject to the fulfilment and satisfaction of the conditions precedent set out in the Sale and Purchase Agreement, the Acquisition Completion shall take place within 10 Business Days after all the conditions precedent have been fulfilled (or waived, where applicable).

MEMORANDUM OF UNDERSTANDING

The Board is pleased to announce that on 6 October 2023 (after trading hours), the Company entered into a memorandum of understanding (the “**MOU**”) with GoGoChart.

The principal terms of the MOU are as follows:

Date: 6 October 2023 (after trading hours)

Parties: (1) GoGoChart; and
(2) the Company.

With a view to promote strategic business cooperation between the Group and Target Company, on 6 October 2023 (after trading hours), the Company and GoGoChart entered into a non-legally binding memorandum of understanding (the “**Cooperation MOU**”) for the strategic cooperation in seeking financing for the Target Company and other corporate finance activities for GoGoChart.

The parties to the Cooperation MOU agreed to become official business partners to each other and combine their resources and expertise in their respective fields to create synergies for future projects and businesses. The Group shall, through its subsidiary, with its best endeavours, assist GoGoChart to list in a recognized stock exchange within five years and to raise not less than US\$8 million for GoGoChart.

INFORMATION ON THE TARGET COMPANY

Information on the Target Company

The Target Company, which is an investment holding company incorporated in British Virgin Islands with limited liability, which holds the entire equity interest of GoGoChart, is the Target Company’s sole and wholly-owned subsidiaries.

Information on GoGoChart

GoGoChart is a company incorporated in Hong Kong with limited liability and is an all-rounded digital marketing service provider.

Financial information on GoGoChart

Set out below is the financial information of the GoGoChart based on its audited accounts for the years ended 31 December 2022 and 2021:

	For the year ended	
	31 December	
	2021	2022
	(audited)	(audited)
	HK\$'000	HK\$'000
Revenue	51,516	34,810
Profit/(loss) before taxation	2,409	(3,943)
Profit/(loss) after taxation	2,409	(3,943)

As at 31 December 2022 and 31 December 2021, the audited net asset values of Target Company was approximately HK\$22,753,000 and HK\$16,490,000 respectively.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group has been actively considering and exploring various opportunities for investment projects and to broaden the scope of investment according to the market conditions with an aim to enhance Shareholders' value.

Reference is made to the 2023-2024 budget speech made by the financial secretary of Hong Kong on 22 February 2023, where the Hong Kong government has expressed its support to nurture start-ups in particular, the HKSTPC will inject HK\$400 million into its Corporate Venture Fund to help more technology start-ups with potential while HKSTPC will, through consolidating its existing Acceleration Programme and injecting an additional amount of HK\$110 million and launch the Co-acceleration Programme in collaboration with cooperation partners to support the growth of technology start-ups with high potential into regional or global enterprises. With the government's aggressive push in nurturing start-ups, the Directors are of the view that the Company should allocate its resources and seek for investment projects in relation to start-ups in Hong Kong.

GoGoChart is a company incorporated in Hong Kong with limited liability and is an all-rounded digital marketing service provider. GoGoChart provides comprehensive digital marketing solutions, specializing in App Marketing. Anchored by a culture of innovation, its foremost objective is to serve as a trusted marketing partner, dedicated to empowering growth and amplifying the success of GoGoChart's clients. Since its inception in 2016, GoGoChart has exhibited an exceptional record of employing data-driven marketing strategies to exceed brands marketing and growth engine for over 2,000 brands across 60 countries, while key clients of the Target Company include Fortune 500 companies, blue chip listed companies and small medium enterprises from the finance, consumer, ecommerce and gaming sectors.

GoGoChart was awarded the 2019 Hong Kong Technology Fast and Rising Star Program organized by Deloitte, the Best Use of Mobile Online Campaign (inaugural season) by Interactive Advertising Bureau Hong Kong (iAB HK) in 2021, and officially became an Affiliated Member of The Association of Accredited Advertising Agencies in 2021. The company is headquartered in Hong Kong and has additional regional teams situated in the Philippines and mainland China.

Pursuant to the Sale and Purchase Agreement, the Consideration is settled by way of the Convertible Note and the Promissory Note, which is repayable (if not exercised) in 2 and 5 years respectively. As the Directors believe that there is a growth potential in GoGoChart given its track record, the Acquisition represents an investment opportunity of the Company to invest in Target Company without immediate cash outflow and will enhance the cooperation between the Company and GoGoChart.

While considering the benefits of the Acquisition, the Directors also took into consideration of the memorandum of cooperation entered into between GoGoChart and eWTP Arabia Technology Innovation Fund GP II Limited controlled by the Saudi focused investment institution eWTP Arabia Capital, where in order to strengthen economic and trade exchanges between Hong Kong S.A.R. and Middle Eastern countries, promote resource sharing and form a joint development force, the parties agreed to combine the resources, experience and expertise of eWTP in the Kingdom of Saudi Arabia, with GoGoChart's industrial advantage, and its AI-driven integrated advertising platform, and to expand GoGoChart's business in the Kingdom of Saudi Arabia.

In light of the above, the Directors consider that the terms and conditions of the Acquisition are fair and reasonable and are on normal commercial terms and the Sale and Purchase Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

GEM LISTING RULES IMPLICATIONS

As more than one of the applicable percentage ratios (as defined under the GEM Listing Rules) in respect of the Acquisition exceed 25% but all of them are less than 100%, the Acquisition constitutes a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

As the Conversion Shares will be issued and allotted under the Specific Mandate to be obtained at the EGM, the grant of the Specific Mandate for the issuance and allotment of the Subscription Shares is subject to the Independent Shareholders' approval at the EGM.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders or any of their respective associate(s) have any material interest in the Sale and Purchase Agreement and the transactions contemplated thereunder. As such, no Shareholder is required to abstain from voting under the GEM Listing Rules on the resolution approving the Acquisition.

The Company will make an application to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares on the Stock Exchange. No application will be made for the listing of the Convertible Note on the Stock Exchange or any other stock exchange.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has conducted the following equity fund raising activity during the 12 months immediately preceding the date of this announcement:

Date of announcement	Fund raising activity	Net proceeds Raised	Intended use of proceeds	Actual use of proceeds
13 January 2023	Placing of new shares under general mandate	Approximately HK\$37.4 million	Approximately HK\$37.4 million for the Company to set up of and the investment to be acquired by the investment fund, and for general working capital of the Group	Fully utilised as intended

Save as disclosed above, the Company has not conducted any equity fund-raising activity in the past 12 months immediately preceding the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE

The shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the Share Consolidation becoming effective; and (iii) immediately after the full exercise of Convertible Note (assuming the Share Consolidation becoming effective), assuming that there is no change in the issued share capital of the Company between the date of this announcement and the events:

Controlling Shareholder, Substantial Shareholders and Directors	As at the date of this announcement		Immediately after Share Consolidation becoming effective		Immediately after the full exercise of Convertible Note (assuming the Share Consolidation becoming effective)	
	<i>Number of Shares held</i>	<i>Approximate % of Shares in issue</i>	<i>Number of Shares held</i>	<i>Approximate % of Shares in issue</i>	<i>Number of Shares held</i>	<i>Approximate % of Shares in issue</i>
Mr. Li Man Keung Edwin (<i>Note 1</i>)	159,970,000	17.93%	6,398,800	17.93%	6,398,800	12.63%
Great Win Global Limited (<i>Note 2</i>)	33,000,000	3.70%	1,320,000	3.70%	1,320,000	2.60%
Bright Music Limited (<i>Note 3</i>)	17,500,000	1.96%	700,000	1.96%	700,000	1.38%
The Vendor	–	–	–	–	15,000,000	29.60%
Other public Shareholders	<u>681,564,000</u>	<u>76.41%</u>	<u>27,262,560</u>	<u>76.41%</u>	<u>27,262,560</u>	<u>53.79%</u>
Total	<u><u>892,034,000</u></u>	<u><u>100.00%</u></u>	<u><u>35,681,360</u></u>	<u><u>100.00%</u></u>	<u><u>50,681,360</u></u>	<u><u>100.00%</u></u>

Notes:

- (1) 113,730,000 Shares are held by Tanner Enterprises Group Limited which is wholly owned by Mr. Li Man Keung Edwin, an executive Director. Mr. Li Man Keung Edwin also directly holds 46,240,000 Shares. The aggregate Shares beneficially owned by Mr. Li Man Keung Edwin is 159,970,000 Shares.
- (2) 33,000,000 Shares are held by Great Win Global Limited, which is wholly owned by Mr. Yeung Chun Yue David, an executive Director.
- (3) 17,500,000 Shares are held by Bright Music Limited, which is wholly owned by Mr. Hui Ringo Wing Kun, an executive Director.

EGM

The EGM will be convened to consider and, if thought fit, approve (i) the Share Consolidation; (ii) the Sale and Purchase Agreement and (iii) the grant of the Specific Mandate for the issue and allotment of the Conversion Shares and the transactions contemplated thereunder. To the best of the knowledge, information and belief of the Directors, none of the Shareholders has a material interest in the transactions contemplated under the Sale and Purchase Agreement as at the date of this announcement. Accordingly, none of the Shareholder will be required to abstain from voting at the EGM in respect of the relevant resolution(s) relating to the Specific Mandate.

WARNING OF THE RISKS OF DEALING IN THE EXISTING SHARES AND THE CONSOLIDATED 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 paragraph headed “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 Acquisition is conditional upon the satisfaction of the conditions as set out in the paragraph headed “Conditions precedent of the Acquisition” in this announcement. Accordingly, the Share Consolidation may or may not proceed.

DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares by the Company from the Vendor pursuant to the terms and conditions of the Sale and Purchase Agreement
“Acquisition Completion”	completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement
“Acquisition Completion Date”	a date falling within 10 Business Days after all the conditions precedent as specified in the Sale and Purchase Agreement have been fulfilled (or waived, where applicable) or such later date as the parties to the Sale and Purchase Agreement may agree but in any event not later than the Long Stop Date
“Acquisition Long Stop Date”	31 March 2024, or any other date that the Vendor and the Company have agree in writing
“associates”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day on which licensed banks in Hong Kong are generally open for business, other than a Saturday or a Sunday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is issued in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not cancelled at or before 12:00 noon
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change in Board Lot Size”	the change in board lot size of the Shares for trading on the Stock Exchange from 5,000 Existing Shares to 2,000 Consolidated Shares
“Company”	Hatcher Group Limited, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on the Hong Kong Stock Exchange (stock code: 8365)

“connected person”	has the meaning set out in the GEM Listing Rules
“Consideration”	the aggregate consideration of HK\$57,957,900 payable by the Purchaser to the Vendor for the Acquisition pursuant to the Sale and Purchase Agreement
“Convertible Note”	the no interest coupon Convertible Note to be issued by the Company upon the Acquisition Completion pursuant to the terms of the Sale and Purchase Agreement as partial settlement of the Consideration
“Conversion Price”	the initial conversion price of HK\$2.00 per Conversion Share upon the exercise of the conversion rights attaching to the Convertible Note
“Consolidated Share(s)”	ordinary shares of HK\$0.25 each in the share capital of the Company after the Share Consolidation becoming effective
“Conversion Shares”	the new shares to be issued and allotted to the holders of the Convertible Note by the Company upon exercise of the conversion rights attaching to the Convertible Note
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the proposed Share Consolidation, the Acquisition and the Placing
“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”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“GoGoChart”	GoGoChart Technology Limited, a company incorporated in Hong Kong with limited liability, being the sole subsidiary of the Target Company
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	the independent board committee of the Board, comprising all the independent non-executive Directors, to be formed for the purpose of giving a recommendation to Independent Shareholders of the Acquisition and the Placing
“Listing Committee”	has the meaning as defined in the GEM Listing Rules
“Mr. Lo”	Mr. Lo Hui Chui, the ultimate beneficial owner of the Vendor
“Promissory Note”	the 5% unsecured promissory note in the principal amount of HK\$27,957,900 to be issued by the Company pursuant to the Sale and Purchase Agreement
“Purchaser”	the Company
“Sale Shares”	1,500,000 shares held by the Vendor, representing approximately 13.5% equity interest of the Target Company as at the date of this announcement
“Sale and Purchase Agreement”	the agreement entered into on 6 October 2023 (after trading hours of the Stock Exchange) among the Vendor and the Company in respect of the Acquisition
“Share(s)”	the Existing Share(s) or the Consolidated Share(s), as the case may be
“Share Consolidation”	the proposed consolidation of every twenty-five (25) Existing Shares into one (1) Consolidated Share
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Specific Mandate”	the specific mandate to be granted by the Shareholders to the Board at the EGM for the allotment and issue of the Convertible Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Quest Centurion Limited, a company incorporated under the laws of British Virgin Islands with limited liability which holds the entire equity interest of GoGoChart

“Vendor” Leading Star Ventures Limited

“%” per cent.

By Order of the Board
Hatcher Group Limited
Hui Ringo Wing Kun
Executive Director

Hong Kong, 6 October 2023

As at the date of this announcement, the Directors are:

Executive Directors:

Mr. Li Man Keung Edwin (*Executive Chairman*)

Mr. Hui Ringo Wing Kun

Mr. Yeung Chun Yue David (*Vice Chairman*)

Independent Non-executive Directors:

Mr. William Robert Majcher

Mr. Ho Lik Kwan Luke

Mr. Lau Pak Kin Patric

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 Stock Exchange’s website at www.hkexnews.hk on the “Latest Listed Company Information” page for at least 7 days from the date of its posting. This announcement will also be published and remains on the Company’s website at www.hatcher-group.com.

** for identification purpose only*