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BC TECHNOLOGY GROUP LIMITED

BC 科技集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 863)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



THE PLACING

On 11 June 2021 (before trading hours), the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company has appointed the Placing Agent to place a total of 31,952,500 Placing Shares at a price of HK\$17.00 per Placing Share.

The 31,952,500 Placing Shares represent approximately 8.25% of the issued share capital of the Company as at the date of this announcement and approximately 7.62% of the issued share capital of the Company as enlarged by the allotment and issue of Placing Shares (assuming there is no change in the issued share capital of the Company from the date of this announcement to the completion of the Placing).

THE PLACEE

The Placing Shares have been placed to one placee, namely GIC. GIC is a global investment management company established in 1981 to manage Singapore's foreign reserves. GIC invests internationally in equities, fixed income, foreign exchange, commodities, money markets, alternative investments, real estate and private equity. Headquartered in Singapore, GIC has investments in over 40 countries and employs over 1,800 people across 10 offices in key financial cities worldwide.

USE OF PROCEEDS

The gross proceeds and the net proceeds from the Placing are estimated to be approximately HK\$543.19 million and approximately HK\$535 million respectively. The Company intends to use the net proceeds from the Placing as to (i) approximately HK\$198 million for IT-related costs including digital transformation, developing and enhancing platform technology of digital asset platform business; (ii) approximately HK\$237 million for operating working capital other than IT-related costs including rental expenses, staff costs, marketing expenses, other general expenses and professional fees; and (iii) approximately HK\$100 million as reserves for future expansion in markets including UK, Singapore and America.

GENERAL MANDATE

The Placing Shares will be issued under the General Mandate. The allotment and issue of the Placing Shares are not subject to any additional shareholders' approval.

Completion of the Placing is subject to the fulfilment of the condition as under 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.

THE PLACING AGREEMENT

Date: 11 June 2021 (before trading hours)

Issuer: the Company

Placing Agent: Macquarie Capital Limited

The Company has agreed to issue and sell, and the Placing Agent has agreed to procure a total of 31,952,500 Placing Shares to a placee subject to the settlement on the Completion Date. The Placing Agent may carry out the Placing itself and/or through the agency of such other agents as the Placing Agent may agree with the Company. The Placing Agent will receive a placing commission of 1.5% of the aggregate Placing Price of the Placing Shares placed by the Placing Agent pursuant to its obligations under the Placing Agreement. Such placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market conditions.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons. As at the date of this announcement, the Placing Agent is not interested in any Shares.

Information on the Placee

The Placing Shares have been placed to one placee, namely GIC. GIC is a global investment management company established in 1981 to manage Singapore's foreign reserves. GIC invests internationally in equities, fixed income, foreign exchange, commodities, money markets, alternative investments, real estate and private equity. Headquartered in Singapore, GIC has investments in over 40 countries and employs over 1,800 people across 10 offices in key financial cities worldwide.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, and save for its existing interest in the Company, the Placee and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Placing Price

The Placing Price of HK\$17.00 per Placing Share represents:

- (i) a discount of approximately 11.73% to the closing price of HK\$19.26 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (ii) a discount of approximately 12.59% to the average closing price of approximately HK\$19.448 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days immediately prior to the Last Trading Day.

The Placing Price of HK\$17.00 per Placing Share was arrived at after arm's length negotiations among the Company and the Placing Agent by reference to the market condition and the recent closing prices per Share on the Stock Exchange. The Directors consider that the Placing Price is fair and reasonable based on the current market conditions and is in the interests of the Company and the Shareholders as a whole.

Placing Shares

The 31,952,500 Placing Shares represent (i) approximately 8.25% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 7.62% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming there is no other change in the issued share capital of the Company from the date of this announcement and up to completion of the Placing). The maximum aggregate nominal value of the Placing Shares under the Placing will be HK\$319,525.

Ranking of the Placing Shares

The Placing Shares will rank, upon issue, *pari passu* in all respects with the Shares in issue as at the date of allotment and issue of the Placing Shares.

Conditions precedent of the Placing

Completion of the Placing is conditional upon the fulfilment of the following conditions:

- (i) before completion, there shall not have occurred:
 - (A) any change or development reasonably likely to involve a material adverse change (whether or not permanent), in the condition, financial or otherwise, or in the general affairs, earnings, assets, business, operations or prospects, management, business, financial or trading position of the Company and its subsidiaries taken as a whole; or
 - (B) (a) any moratorium, suspension or limitation of trading in any of the Company's securities by the Stock Exchange (save and except for (i) any trading halt in relation to the Placing; and (ii) any suspension of not more than two trading days provided that such suspension has been lifted not less than one clear trading day prior to the Completion Date and the cause of such suspension is not material and adverse to the Group or in the context of the Placing, as determined by the Placing Agent in its reasonable judgement), (b) any cancellation of the listing of the Shares on the Stock Exchange or (c) any moratorium, suspension or material limitation on trading in securities generally on the Stock Exchange; or
 - (C) any outbreak or escalation of hostilities, act of terrorism, the declaration by Hong Kong, Cayman Islands, the PRC, Singapore, the United States, the United Kingdom a national emergency or war or other calamity or crisis; or
 - (D) any material disruption in commercial banking or securities settlement or clearance services in Hong Kong, Cayman Islands, the PRC, Singapore, the United States, the United Kingdom and/or a general moratorium on commercial banking activities having been declared by the relevant authorities in Hong Kong, the PRC, the United States, the United Kingdom; or
 - (E) any new law or regulation or any change (whether or not permanent) or development involving a prospective material adverse change in or affecting the financial markets in Hong Kong, Cayman Islands, the PRC, Singapore, the United States, the United Kingdom or in local, national or international monetary, financial, political, military or economic conditions, currency exchange rates, exchange controls or taxation,

that, in the reasonable judgment of the Placing Agent, would make the placement of the Placing Shares or the enforcement of contracts to purchase the Placing Shares impracticable or inadvisable, or would materially prejudice trading of the Placing Shares in the secondary market;

- (ii) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Placing Shares not later than 30 June 2021 and such listing and permission not subsequently revoked prior to the delivery of the Placing Shares upon completion;

- (iii) the representations and warranties made by the Company pursuant to the Placing Agreement being true and accurate and not misleading as of the date of the Placing Agreement and the Completion Date;
- (iv) the Company having complied with all of the agreements and undertakings and satisfied all of the conditions on its part to be complied with or satisfied under the Placing Agreement on or before the Completion Date;
- (v) the Placing Agent having received on the Completion Date a legal opinion as to Cayman Island laws relating to certain representations and warranties of the Company, such opinion to be in form and substance reasonably satisfactory to the Placing Agent; and
- (vi) certified true copies of the resolution by the Board or the committee of the Company or person authorised by the Board authorising the allotment and issue of the Placing Shares.

The Placing Agent may at its sole discretion waive any of the above conditions.

Completion of the Placing

Completion of the Placing shall take place on the Completion Date.

General Mandate to issue the Placing Shares

The Placing Shares will be issued under the General Mandate. The Board has been authorised to issue and allot up to a total of 77,310,130 new Shares under the General Mandate granted by the Shareholders at the annual general meeting of the Company held on 28 May 2021. Up to the date of this announcement, the Company has not issued any Shares pursuant to the General Mandate. The allotment and issue of the Placing Shares are not subject to any additional shareholders' approval. The General Mandate will be utilized as to approximately 41.33% upon the allotment and issue of all Placing Shares.

Listing application

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

Termination

In the event that (i) any of the events set out in paragraph (i) in the section "Condition precedent of the Placing" occurs at any time between the date of the Placing Agreement and the Completion Date, or (ii) any of conditions set out in paragraphs (ii) to (vi) have not been satisfied or waived in writing on the dates specified therein, the Placing Agent may elect, in its sole discretion, to terminate the Placing Agreement forthwith.

EFFECT ON THE SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 387,329,596 Shares in issue. Set out below is the shareholding structure of the Company (i) as at the date of this announcement, and (ii) immediately upon completion of the Placing, assuming the Placing Shares are placed in full and there is no other change to the share capital and in the shareholding structure of the Company (other than the issue of the Placing Shares) between the date of this announcement and completion of Placing:

Shareholder	As at the date of this announcement		Immediately upon completion	
	Number of Shares	Approximate % (Note 2)	Number of Shares	Approximate % (Note 2)
East Harvest Global Limited (Note 1)	187,536,194	48.42%	187,536,194	44.73%
Placee	—	—	31,952,500	7.62%
Other public Shareholders	<u>199,793,402</u>	<u>51.58%</u>	<u>199,793,402</u>	<u>47.65%</u>
Total	<u><u>387,329,596</u></u>	<u><u>100.00%</u></u>	<u><u>419,282,096</u></u>	<u><u>100.00%</u></u>

Note 1: East Harvest Global Limited, the controlling shareholder of the Company, is owned as to approximately 60.42% and approximately 32.87% by Wise Aloe Limited and Colour Day Limited respectively. Wise Aloe Limited is owned as to approximately 89% by Bell Haven Limited which is in turn owned as to approximately 30.82%, approximately 22.09% and approximately 22.09% by Mr. Lo Ken Bon, Mr. Madden Hugh Douglas and Mr. Chapman David James, respectively. Colour Day Limited is wholly beneficial owned by Mr. Ko Chun Shun, Johnson. Mr. Lo Ken Bon, Mr. Ko Chun Shun, Johnson, Mr. Madden Hugh Douglas and Mr. Chapman David James are executive Directors.

Note 2: The percentage figures have been rounded up to the nearest second decimal place to achieve a total of 100%.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in digital assets trading, brokerage, technologies and services businesses in Hong Kong and advertising business and the provision of business park area management services in the PRC.

On 2 June 2021, the Group has entered into a partnership with SC Ventures, the innovation and ventures unit of Standard Chartered, to jointly establish a digital asset brokerage and exchange platform for institutional and corporate clients in the UK and Europe. The Company believes that the partnership is a major positive milestone for the digital assets business segment of the Group and the Group will have to deploy more resources in relation to the IT related costs for the development and enhancement of the platform technology.

The Board considers that the Placing represents an opportunity to raise capital for the development and furtherance of the Group's business and will also strengthen the financial position of the Group for the development and expansion of the Group's digital assets and blockchain platform business.

Assuming all the Placing Shares are fully placed, the gross proceeds from the Placing will be approximately HK\$543.19 million. The net proceeds, after deduction of all relevant expenses (including but not limited to placing commission, legal expenses and disbursements) incidental to the Placing, are estimated to be approximately HK\$535 million, representing a net issue price of approximately HK\$16.74 per Placing Share. The Company intends to use the net proceeds from the Placing as follows:

- (i) approximately HK\$198 million for IT-related costs including digital transformation, developing and enhancing platform technology of digital asset platform business;
- (ii) approximately HK\$237 million for operating working capital other than IT-related costs including rental expenses, staff costs, marketing expenses, other general expenses and professional fees; and
- (iii) approximately HK\$100 million as reserves for future expansion in markets including UK, Singapore and America.

The Board considers 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.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has conducted the following equity fund raising activities for the twelve months immediately before the date of this announcement:

Date of announcement	Event	Net proceeds and intended use of proceeds	Actual use of proceeds	Unused total net proceeds as at the date of this announcement
5 January 2021	Placing of existing shares and top-up subscription of new shares under general mandate	(i) approximately HK\$40 million for developing and enhancing platform technology of digital asset platform business;	HK\$11.7 million	HK\$28.3 million
		(ii) approximately HK\$225 million for maintaining sufficient liquid capital to satisfy SFC license requirement of the licensed entity and the expansion of prime brokerage business;	HK\$225 million	Nil
		(iii) approximately HK\$290 million for operating working capital including rental expenses, staff costs, marketing and IT expenses, other general expenses and professional fees; and	HK\$124.8 million	HK\$165.2 million
		(iv) approximately HK\$100 million for potential future acquisition and general working capital of the Group.	HK\$38.61 million	HK\$61.39 million

The Company will continue to use the unused net proceeds from the aforementioned placing towards the aforementioned purpose.

Completion of the Placing is subject to the fulfilment of the condition under 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, the following expressions shall have the meanings set out below unless the context requires otherwise:

“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than Saturday or Sunday) on which banking institutions in Hong Kong are open generally for normal banking business
“Company”	BC Technology Group Limited (stock code: 863), the Shares of which are listed on the Main Board of the Stock Exchange
“Completion Date”	the fourth Business Day after the date on which the Listing Committee of the Stock Exchange grants listing of and permission to deal in the Placing Shares, but in any event no later than 30 June 2021 or at such other time and/or date as the Company and the Placing Agent may agree in writing
“connected person”	has the meaning ascribed to it in the Listing Rules
“controlling shareholder”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 28 May 2021 to issue and allot up to 77,310,130 new Shares
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Last Trading Day”	10 June 2021, being the last trading day prior to the signing of the Placing Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Placee” or “GIC”	GIC Private Limited
“Placing”	the placing of the Placing Shares by the Placing Agent as agent pursuant to the Placing Agreement

“Placing Agent”	Macquarie Capital Limited
“Placing Agreement”	the placing agreement dated 11 June 2021 and entered into between the Company and the Placing Agent
“Placing Price”	HK\$17.00 per Placing Share
“Placing Shares”	a total of up to 31,952,500 new Shares to be placed on the terms and subject to the conditions of the Placing Agreement
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

By order of the Board
BC Technology Group Limited
Lo Ken Bon
Executive Director

Hong Kong, 11 June 2021

As at the date of this announcement, the executive Directors are Mr. Lo Ken Bon, Mr. Ko Chun Shun, Johnson, Mr. Tiu Ka Chun, Gary, Mr. Madden Hugh Douglas and Mr. Chapman David James, and the independent non-executive Directors are Mr. Chau Shing Yim, David, Mr. Chia Kee Loong, Lawrence and Mr. Tai Benedict.