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Contel Technology Company Limited

康特隆科技有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1912)

(I) PROPOSED RIGHTS ISSUE ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY FIVE (5) EXISTING SHARES HELD ON THE RECORD DATE AT HK\$0.063 PER RIGHTS SHARE ON A NON-UNDERWRITTEN BASIS

AND

(II) NOTICE OF CLOSURE OF REGISTER OF MEMBERS

Financial Adviser to the Company



Alliance Capital Partners Limited
同人融資有限公司

PROPOSED RIGHTS ISSUE

The Company proposed to implement the Rights Issue on the basis of two (2) Rights Shares for every five (5) existing Shares held on the Record Date at the Subscription Price of HK\$0.063 per Rights Share, to raise up to approximately HK\$20.2 million (before deducting professional fees and other related expenses) by issuing up to 320,000,000 Rights Shares (assuming no changes in the share capital of the Company on or before the Record Date) to Qualifying Shareholders. The issue will not be extended to Non-Qualifying Shareholders, if any.

Qualifying Shareholders will be provisionally allotted two (2) Rights Shares in nil-paid form for every five (5) existing Shares held on Record Date. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company as at the close of business on the Record Date and not be a Non-Qualifying Shareholder. In order to be registered as members of the Company on the Record Date, all transfers of the Shares (together with the relevant share certificate(s) and/or the instrument(s) of transfer) must be lodged with the Registrar, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, for registration no later than 4:30 p.m. (Hong Kong time) on Monday, 21 November 2022.

The last day of dealings in the Shares on a cum-rights basis is Thursday, 17 November 2022, and the Shares will be dealt with on an ex-rights basis from Friday, 18 November 2022.

Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholding in the Company will be diluted.

Net proceeds and proposed uses

The maximum net proceeds from the Rights Issue (after deducting estimated professional fees and other costs and expenses related to the Rights Issue), if fully subscribed, is estimated to be approximately HK\$19.3 million (assuming no change in the issued share capital of the Company on or before the Record Date). The Company intends to use the net proceeds from the Rights Issue to finance the revolving purchase payment for its purchases of ICs to support its business and for general working capital.

Non-underwritten basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares.

There will be no excess application arrangements in relation to the Rights Issue. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders and any NQS Unsold Rights Shares will be placed to independent places under the Compensatory Arrangements for the benefit of the Shareholders to whom they were offered by way of the Rights Issue. Any Unsubscribed Rights Shares and/or NQS Unsold Rights Shares which remain not placed pursuant to the Compensatory Arrangements will not be issued by the Company, and the size of the Rights Issue will be reduced accordingly.

The Placing Agreement

On 14 November 2022 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent has agreed to procure placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares for the benefit of the Shareholders to whom they were offered by way of the Rights Issue under the Compensatory Arrangement.

The placing price of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares will be determined based on the demand for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares and market conditions during the process of the Placing, but the final price shall not be less than the Subscription Price.

NOTICE OF CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 22 November 2022 to Monday, 28 November 2022 (both dates inclusive) for the purpose of determining Shareholders' entitlements to the Rights Issue. No transfer of Shares will be registered during the above book closure period.

LISTING RULES IMPLICATIONS

Since (i) the Company has not conducted any rights issue or open offer within the 12-month period prior to the date of this announcement or the dealing of shares of which commenced within such 12-month period; and (ii) the Rights Issue will not increase the issued share capital or the market capitalisation of the Company by more than 50%, the Rights Issue is not subject to Shareholders' approval under Rule 7.19A(1) of the Listing Rules.

The Rights Issue would not result in a theoretical dilution effect (as defined under Note 1 to Rule 7.27B of the Listing Rules) of 25% or more, and is therefore not restricted pursuant to Rule 7.27B of the Listing Rules.

GENERAL

Subject to the fulfillment of certain conditions of the Rights Issue, the Company will despatch the Prospectus Documents containing, among other matters, details of the Rights Issue, to Qualifying Shareholders on Tuesday, 29 November 2022. To the extent reasonably practicable and subject to compliance with relevant local laws, regulations and requirements of Non-Qualifying Shareholders (if any), the Company will send the Prospectus (but not the PALs) to Non-Qualifying Shareholders (if any) for their information only.

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

The Shares will be dealt on an ex-rights basis from Friday, 18 November 2022. Dealings in the Rights Shares in nil-paid form are expected to take place from Thursday, 1 December 2022 to Thursday, 8 December 2022 (both dates inclusive).

The Rights Issue is conditional upon, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not satisfied, the Rights Issue may not become unconditional and will not proceed. Any Shareholder dealing in the Rights Shares in nil-paid form will therefore bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholder or other person contemplating transferring, selling or purchasing Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

As the Rights Issue will proceed on a non-underwritten basis, subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its professional adviser(s).

PROPOSED RIGHTS ISSUE

The Company proposed to implement the Rights Issue on the basis of two (2) Rights Shares for every five (5) existing Shares held by Qualifying Shareholders on the Record Date. Set out below are the details of the Rights Issue:

Rights Issue statistics

Basis of the Rights Issue:	Two (2) Rights Shares for every five (5) existing Shares held by Qualifying Shareholders at the close of business on the Record Date
Subscription Price:	HK\$0.063 per Rights Share

Net price per Rights Share (i.e. Subscription Price less cost and expenses of the Rights Issue):	Approximately HK\$0.060 per Rights Share (assuming no change in the share capital of the Company on or before the Record Date and all the Rights Shares will be taken up by the Qualifying Shareholders)
Number of Shares in issue as at the date of this announcement:	800,000,000 Shares
Number of Rights Shares to be issued pursuant to the Rights Issue:	Up to 320,000,000 Rights Shares with an aggregate nominal value of HK\$3,200,000 (assuming no change in the number of Shares in issue on or before the Record Date)
Total number of Shares in issue upon completion of the Rights Issue:	Up to 1,120,000,000 Shares (assuming no change in number of Shares in issue on or before the Record Date and all the Rights Shares will be taken up by the Qualifying Shareholders)
Gross proceeds to be raised from the proposed Rights Issue:	From approximately HK\$13.4 million (assuming nil acceptance by the Qualifying Shareholders other than those to be taken up pursuant to the Irrevocable Undertaking) to approximately HK\$20.2 million (assuming all the Rights Shares will be taken up by the Qualifying Shareholders)

Assuming no change in the issued share capital of the Company on or before the Record Date, the 320,000,000 Rights Shares to be issued pursuant to the terms of the Rights Issue represents 40% of the total number of issued Shares as at the date of this announcement and approximately 28.57% of the total number of issued Shares as enlarged by the allotment and issue of the Rights Shares immediately after completion of the Rights Issue (assuming all the Rights Shares will be taken up by the Qualifying Shareholders).

As at the date of this announcement, the Company does not have any options outstanding under any share option scheme of the Company or any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares as at the date of this announcement. The Company has no intention to issue or grant any Shares, convertible securities, warranties and/or options on or before the Record Date.

Non-underwritten basis

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders and any NQS Unsold Rights Shares will

be placed to independent places under the Compensatory Arrangements. Any Unsubscribed Rights Shares and/or NQS Unsold Rights Shares which remain not placed following completion of the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, Shareholder(s) who applies to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code, unless a waiver from the Executive (as defined in the Takeovers Code) has been obtained. Accordingly, the Rights Issue will be made on terms that, unless otherwise instructed by a relevant Shareholder, the Company will provide for Shareholders to apply on the basis that, if the Rights Shares are not fully taken up, the application by the relevant Shareholder for his/her/its assured entitlement under the PAL shall be scaled down to a level which would not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) of the Listing Rules.

The Cayman legal advisers of the Company have confirmed that there are no applicable statutory requirements regarding minimum subscription levels in respect of the Rights Issue.

Undertakings

As at the date of this announcement, P. Grand and Kingtech, controlling shareholders of the Company, are together interested in 533,390,000 Shares, representing approximately 66.67% of the issued Shares. Pursuant to the Irrevocable Undertaking, P. Grand and Kingtech have irrevocably undertaken to the Company, among other things, to accept their full entitlement to the provisional allotment of an aggregate of 213,356,000 Rights Shares.

Save for the Irrevocable Undertaking, the Company has not received any information or irrevocable undertaking from any other Shareholder of their intention in relation to the Rights Shares to be allotted to them under the Rights Issue as at the date of this announcement.

The Subscription Price

The Subscription Price of HK\$0.063 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue and when a transferee of the Nil-Paid Rights subscribes or applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 23.2% to the closing price of HK\$0.082 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 25.0% to the average closing prices of approximately HK\$0.084 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 28.4% to the average closing prices of approximately HK\$0.088 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 18.2% to the theoretical ex-rights price of approximately HK\$0.077 per Share based on the closing price of HK\$0.082 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a theoretical dilution effect (as defined under Note 1 to Rule 7.27B of the Listing Rules) of approximately 7.1%, represented by the theoretical diluted price of approximately HK\$0.078 per Share to the benchmarked price of approximately HK\$0.084 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price of the Last Trading Day of HK\$0.082 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days prior to the Last Trading Day of approximately HK\$0.084 per Share)^(Note); and
- (vi) a discount of approximately 80.9% to the audited consolidated net asset value of the Company of approximately US\$0.043 (equivalent to approximately HK\$0.33) per Share (based on the latest published audited consolidated net asset value attributable to owners of the Company of approximately US\$34,332,000 as at 31 December 2021 as disclosed in the annual report of the Company for the year ended 31 December 2021 and 800,000,000 Shares in issue as at the date of this announcement).

Note: Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue. The possible maximum dilution to shareholders to those Qualifying Shareholders who do not subscribe to the Rights Issue is approximately 7.1%. The theoretical dilution effect of the Rights Issue of approximately 7.1% is below the 25% and is therefore not restricted pursuant to Rule 7.27B of the Listing Rules.

The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in connection with the Rights Issue) upon full acceptance of the provisional allotment of Rights Shares will be approximately HK\$0.060 per Rights Share (assuming no change in the share capital of the Company on or before the Record Date and all the Rights Shares will be taken up by the Qualifying Shareholders).

The Subscription Price was determined with reference to, among others, (i) recent market price of the Shares under prevailing market conditions; (ii) the latest business performance and financial position of the Group; and (iii) the reasons and benefits of Rights Issue as discussed in the section headed “Reasons for and Benefits of the Rights Issue” in this announcement.

The Directors (including the independent non-executive Directors) consider that, despite any potential dilution impact of the proposed Rights Issue on the shareholding interests of the Shareholders, the terms of the Rights Issue (including the Subscription Price) are fair and reasonable and in the interests of the Company and the Shareholders as a whole, after taking into account the following factors: (i) Qualifying Shareholders who do not wish to take up their provisional entitlements under the proposed Rights Issue are able to sell the Nil-Paid Rights in the market; and (ii) the proposed Rights Issue would give Qualifying Shareholders an opportunity to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a relatively low price as compared to the recent market price of the Shares; and (iii) the net proceeds from the Rights Issue would be used towards satisfying funding needs of the Group in achieving its business objectives.

Basis of provisional allotments

The basis of the provisional allotment shall be two (2) Rights Shares for every five (5) existing Shares held by the Qualifying Shareholders as at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Prospectus Documents.

Application for all or any part of a Qualifying Shareholder’s provisional allotment should be made by completing a PAL and lodging the same with a remittance for the full amount payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance. Any holding (or balance of holdings) of less than five (5) Shares will not entitle the holders to be provisionally allotted a Rights Share. Please refer to the arrangement as set out in the paragraph headed “Fractional entitlements to the Rights Shares” below.

Qualifying Shareholders who take up their pro rata entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). **If a Qualifying Shareholder does not take up his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.**

Conditions of the Rights Issue

The Rights Issue is conditional upon the fulfillment of each of the following conditions:

- (i) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies (WUMP) Ordinance not later than the Posting Date;
- (ii) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus to the Non-Qualifying Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on the Posting Date;
- (iii) the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in, the Shares as well as the Rights Shares in nil-paid and fully-paid forms by no later than the Business Day prior to the first day of their dealing; and
- (iv) the Placing Agreement not being terminated.

None of the conditions set out above can be waived. If any of the above conditions is not satisfied at or prior to the respective time stipulated therein, the Rights Issue will not proceed.

Status of the Rights Shares

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

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Qualifying Shareholders

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

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

In order to be registered as members of the Company on the Record Date, all transfers of the Shares (together with the relevant share certificate(s) and/or the instrument(s) of transfer) must be lodged with the Registrar, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, for registration no later than 4:30 p.m. (Hong Kong time) on Monday, 21 November 2022.

The last day of dealings in the Shares on a cum-rights basis is Thursday, 17 November 2022, and the Shares will be dealt with on an ex-rights basis since Friday, 18 November 2022.

Subject to the registration of the Prospectus Documents in accordance with the applicable laws and regulations, the Company will despatch the Prospectus Documents to the Qualifying Shareholders on the Posting Date. To the extent reasonably practicable and subject to compliance with relevant local laws, regulations and requirements of Non-Qualifying Shareholders (if any), the Company will send the Prospectus (but not the PALs) to Non-Qualifying Shareholders (if any) for their information only.

Rights of the Overseas Shareholders

The Prospectus Documents are not expected to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below. As at the date of this announcement, apart from P. Grand and Kingtech with registered addresses situated in the British Virgin Islands, the Company does not have any Overseas Shareholders recorded on its registers of members.

The Company will take steps to ascertain whether there are any Overseas Shareholders recorded on its registers of members as at the Record Date. The Company will comply with Rule 13.36(2) of the Listing Rules and make enquiries regarding the feasibility of extending the Rights Issue to Overseas Shareholders (if any), and if, having made such enquiry, the Directors consider that it is necessary or expedient not to extend the Rights Issue to these Overseas Shareholders on account either of the legal restrictions under the laws of the place of his/her/its/their registered address or the requirements of the relevant regulatory body or stock exchange in that place, the Rights Issue will not be available to such Overseas Shareholders and the Company will disclose the explanation for such exclusion in the Prospectus.

To the extent reasonably practicable and subject to compliance with relevant local laws, regulations and requirements of Non-Qualifying Shareholders (if any), the Company will send the Prospectus to Non-Qualifying Shareholders (if any) for their information only.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the Nil-Paid Rights Shares commence on the Stock Exchange and in any event before the last day of dealings in Nil-Paid Rights Shares if a premium (net of expenses) can be obtained. The proceeds from such sale, less expenses and stamp duty, above HK\$100 will be distributed by the Company to the relevant Non-Qualifying Shareholders pro rata to their shareholdings on the Record Date (but rounded down to the nearest cent) in Hong Kong dollars. In view of administrative costs, the Company will retain individual amounts of HK\$100 or less for the benefit of the Company. Any unsold Nil-Paid Rights Shares of Non-Qualifying Shareholders will be subject to the Compensatory Arrangements.

Overseas Shareholders and beneficial owners of Shares who are residing outside Hong Kong should note that they may or may not be entitled to the Rights Issue pursuant to section 140 of the Companies Ordinance and Rule 13.36(2)(a) of the Listing Rules subject to the results of the enquiries made by the Board.

The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders and beneficial owners of the Shares who are residing outside Hong Kong should exercise caution when dealing in the Shares.

Procedures in respect of Rights Shares not subscribed and the NQS Unsold Rights Shares and the Compensatory Arrangements

The Company will make arrangements described in Rule 7.21(1)(b) of the Listing Rule to dispose of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by offering the unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent placees for the benefit of Shareholders to whom they were offered by way of the Rights Issue. There will be no excess application arrangements in relation to the Rights Issue.

Pursuant to the Placing Agreement, the Company has appointed the Placing Agent to place Unsubscribed Rights Shares and NQS Unsold Rights Shares after the Latest Time for Acceptance to independent placees on a best effort basis. Any premium over, the aggregate amount of (i) the Subscription Price for those Rights Shares; and (ii) the expenses of the Placing Agent (including any other related expenses/fees), that is realised will be paid to No Action Shareholders and Non-Qualifying Shareholders on a pro-rata basis. The Placing Agent will, on a best effort basis, procure, by not later than 6:00 p.m., on Wednesday, 21 December 2022, placees for all (or as many as possible) of those Unsubscribed Rights Shares and the NQS Unsold Rights Shares. Any Unsubscribed Rights Shares and NQS Unsold Rights Shares which remain not placed after completion of the Placing Arrangement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Net Gain (if any) will be paid (without interest) on pro-rata basis (on the basis of all Unsubscribed Rights Shares and NQS Unsold Rights Shares) to the No Action Shareholders (but rounded down to the nearest cent) as set out below:

- (i) where the Nil Paid Rights are, at the time they lapse, represented by a Provisional Allotment Letter, to the person whose name and address appeared on the Provisional Allotment Letter (unless that person is covered by (iii) below);
- (ii) where the Nil Paid Rights are, at the time they lapse, registered in the name of HKSCC Nominees Limited, to the beneficial holders (via their respective CCASS participants) as the holder of those Nil Paid Rights in CCASS (unless that person is covered by (iii) below); and
- (iii) if the Rights Issue is extended to Overseas Shareholders and where an entitlement to the Rights Shares was not taken up by any Overseas Shareholders, to those Overseas Shareholders.

For Net Gain (if any) to Non-Qualifying Shareholders, please refer to the section headed “Non-Qualifying Shareholders” above.

It is proposed that Net Gain to any of the No Action Shareholder(s) mentioned in (i) to (iii) of HK\$100 or more will be paid to them in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit. Shareholders are reminded that Net Gain may or may not be realised, and accordingly the No Action Shareholders and the Non-Qualifying Shareholders may or may not receive any Net Gain.

Placing Arrangement for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares

On 14 November 2022 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to procure independent placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares and NQS Unsold Rights Shares.

Details of the Placing Agreement are as follows:

Date: 14 November 2022

Placing Agent: DL Securities (HK) Limited, a licensed corporation to carry out, among others, type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO, was appointed as a Placing Agent to place or procure placees to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares on a best effort basis.

The Placing Agent confirmed that it and its ultimate beneficial owner(s) are Independent Third Parties.

Placing Period: The period commencing from the second Business Day after the Latest Time of Acceptance, being Thursday, 15 December 2022 and ending at 6:00 p.m. on the sixth Business Day after the Latest Time of Acceptance, being Wednesday, 21 December 2022

Commission and expenses: The Company shall pay to the Placing Agent a placing commission equal to 3.5% of the gross proceeds from the subscription of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares. The Placing Agent shall be authorised to deduct such commission from the payment to be made by the Placing Agent to the Company at completion of the Placing.

The Company will pay all the out-of-pocket expenses properly and reasonably incurred by the Placing Agent in connection with the Placing, except for fees of legal and other professional advisers incurred by the Placing Agent.

Placing price of each of the Unsubscribed Rights Share and/or the NQS Unsold Rights Share (as the case maybe):

The price of each of the Unsubscribed Rights Share and/or the NQS Unsold Rights Share (as the case maybe) under the placing shall be at least equal to the Subscription Price (exclusive of any brokerage, SFC transaction levy and Stock Exchange trading fee as may be payable).

The final price determination depends on the demand and market conditions of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares during the process of placement.

Placees:

The Unsubscribed Rights Shares and the NQS Unsold Rights Shares are expected to be placed to placee(s) who, and whose ultimate beneficial owner(s), are Independent Third Party(ies) and not beneficial holder(s) of existing issued Shares.

The Placing will not have any implication under the Takeovers Code and no Shareholder will be under an obligation to make a general offer under the Takeovers Code.

The Company will ensure that it complies with public float requirements under Rule 8.08(1)(a) of the Listing Rules at all material times.

Ranking of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares:

The Unsubscribed Rights Shares and the NQS Unsold Rights Shares (when placed, allotted, issued and fully paid) shall rank *pari passu* in all respects among themselves and with the existing Shares in issue as at the date of completion of the Rights Issue.

Conditions

The obligations of the Placing Agent under the Placing Agreement are conditional upon, without limitation, the conditions set out under the section “Conditions of the Rights Issue” in this announcement.

Termination:

The Placing Arrangement shall end on 4:00 p.m. on Thursday, 22 December 2022 or any other date and time by mutual written agreement between the Placing Agent and the Company.

The engagement of the Placing Agent may also be terminated by the Placing Agent in its absolute opinion in case of any force majeure event (as defined in the Placing Agreement) resulting in the Company and the Placing Agent being unable to fulfill their respective duties and responsibilities under the engagement.

Besides, the Placing Agent shall be entitled by notice in writing to the Company to elect to treat the following matters or events as releasing and discharging it from its obligations under the Placing Agreement if at or prior to the Latest Time for Termination:

- (i) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement;
- (ii) there is any suspension in the trading of the Shares on the Stock Exchange for more than ten consecutive trading days save for the purposes of clearing of any announcement or circular relating to the Rights Issue; or
- (iii) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate, in material respects, if repeated the Placing Agent(s) shall determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group taken as a whole or will otherwise likely to have a material prejudicial effect on the Placing.

The engagement between the Company and the Placing Agent for the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares was determined after arm's length negotiations between the Placing Agent and the Company. The Directors consider the fee charged by the Placing Agent is no less favourable to the Company than the commission in recent placing transactions and therefore the terms of the Placing Arrangement for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares are on normal commercial terms. The Directors believe the expenses as typical and ordinary in the marketing of securities.

Given that the Compensatory Arrangements would provide (i) a distribution channel of the Unsubscribed Rights Shares and the NQS Rights Shares to the Company; (ii) an additional channel of participation in the Rights Issue for independent Qualifying Shareholders and the Non-Qualifying Shareholders; and (iii) a compensatory mechanism for No Action Shareholders and the Non-Qualifying Shareholders, and given that the Compensatory Arrangements (including the determination of the placing price) will be managed by an independent licensed placing agent which is subject to stringent code of conduct over, among other things, the pricing and allocation of relevant Shares, the Board considers that the Compensatory Arrangements are fair and reasonable and would provide adequate safeguard to protect the interest of the Company's minority Shareholders.

Share certificates and refund cheques for the Rights Issue

Subject to fulfilment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be sent on or before Wednesday, 28 December 2022, to those entitled thereto by ordinary post, at their own risk, to their registered addresses.

If the Rights Issue does not become unconditional, refund cheques are expected to be posted on or before Wednesday, 28 December 2022, by ordinary post to the applicants, at their own risk, to their registered addresses.

No fractional entitlement to Rights Shares

The Company will not provisionally allot fractions of Rights Shares. All fractions of Rights Shares will be aggregated and sold in the market and, if a premium (net of expenses) can be achieved, the Company will keep the net proceeds for its own benefit. Any of these Rights Shares remain not sold in the market will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Application for listing of the Rights Shares

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms.

Dealing in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company will be in board lots of 5,000 Rights Shares.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both nil-paid and fully paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of the dealings in the Rights Shares in both nil-paid and fully-paid forms or such other dates as may be determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second 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. Shareholders should seek advice from their licensed securities dealer(s) or professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Stamp duty and other applicable fees

Dealing in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company in Hong Kong will be in the board lots of 5,000 Rights Shares and will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Taxation

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

EFFECT OF RIGHTS ISSUE ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 800,000,000 Shares in issue. Set out below is the shareholding structure of the Company, assuming there are no changes in the share capital of the Company on or before completion of the Rights Issue other than the allotment and issue of the Rights Shares pursuant to the Rights Issue, (i) as at the date of this announcement; (ii) immediately upon completion of the Rights Issue (assuming full acceptance by the Qualifying Shareholders); and (iii) immediately upon completion of the Rights Issue (assuming nil acceptance by the Qualifying Shareholders other than those to be taken up pursuant to the Irrevocable Undertaking).

Name of Shareholders	As at the date of this announcement		Immediately upon completion of the Rights Issue (assuming full acceptance by the Qualifying Shareholders)		Immediately upon completion of the Rights Issue (assuming nil acceptance by the Qualifying Shareholders other than those to be taken up under the Irrevocable Undertaking and all the Unsubscribed Rights Shares and the NQS Unsold Rights Shares have been placed by the Placing Agent)		Immediately upon completion of the Rights Issue (assuming nil acceptance by the Qualifying Shareholders other than those to be taken up under the Irrevocable Undertaking and none of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares have been placed by the Placing Agent)	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
<i>Substantial Shareholder</i>								
P. Grand ^(Note 1)	473,390,000	59.17	662,746,000	59.17	662,746,000	65.40	662,746,000	65.40
Kingtech ^(Note 2)	60,000,000	7.50	84,000,000	7.50	84,000,000	8.29	84,000,000	8.29
	533,390,000	66.67	746,746,000	66.67	746,746,000	73.69	746,746,000	73.69
<i>Others</i>								
Other public shareholders	266,610,000	33.33	373,254,000	33.33	266,610,000	23.80	266,610,000	26.31
Placees	—	—	—	—	106,644,000	9.52	—	—
	266,610,000	33.33	373,254,000	33.33	373,254,000	33.33	266,610,000	26.31
Total	800,000,000	100.00	1,120,000,000	100.00	1,120,000,000	100.00	1,013,356,000	100.00

Notes:

1. These Shares are held by P. Grand (BVI) Ltd., a company wholly owned and controlled by Mr. Lam Keung as the beneficial owner.
2. These Shares are held by Kingtech (BVI) Ltd., a company wholly owned and controlled by which Mrs. Feng Tao (spouse of Mr. Qing Haodong, an executive Director) as the beneficial owner.
3. Certain percentage figures included in the above table are subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE

The Group is engaged in the sourcing and sale of IC products and the provisions of semiconductor or IC application solutions and value-added services to manufacturers of a wide range of consumer electronic products in China in the following five major product categories: (i) mobile devices and smart charging; (ii) motor control; (iii) radio frequency power equipment; (iv) LED lighting; and (v) sensors and automation.

In order to serve our customers, the Group has to purchase ICs from suppliers in China and overseas. As a result of a general global IC shortage resulting from supply chain bottlenecks caused by the COVID-19 pandemic and geopolitical uncertainties, IC suppliers have recently demanded shorter payment period and in some cases, the payment of cash upfront before delivery. Due to such development, our trade and bills payables (including import loans) turnover days have decreased from 70 days in 2021 to 54 days for the six months to 30 June 2022. Consequently, the Board believes that it is necessary for the Group to retain additional capital to fund its operations (in particular, to provide sufficient capital to mitigate disruption of supply of ICs) under such business environment. The Board considers that it would be appropriate to raise the necessary funds by way of Rights Issue for the reasons described below.

Apart from the Rights Issue, the Board have considered various means of fund raising alternatives, such as equity and debt financing such as by way of bank borrowings, the placing of new Shares or an open offer, before determining to proceed with the Rights Issue. The Company has considered the advantages and disadvantages of the different fund-raising options.

In respect of debt financing, the Board had approached various banks and understands that the Group is unlikely to obtain further banking facilities due to their current assessment of the outlook of China's semiconductor industry. In addition, any further debt financing would result in higher interest burden and higher gearing ratio of the Group which is not beneficial to the Group, particularly during higher interest rate environment the Group currently faces.

The Board determined it would not be desirable to proceed with a placing of new Shares as it does not allow Qualifying Shareholders the right to participate in the fund-raising exercise and their respective shareholdings in the Company would be diluted without being offered an opportunity to maintain their proportionate interests in the Company. In comparison, the Rights Issue would allow Qualifying Shareholders to maintain their respective pro-rata shareholding through their participation in the Rights Issue, should they so choose to subscribe to the Rights Issue in full. The Rights Issue also enables Qualifying Shareholders (i) to increase their interests in Shares of the Company by acquiring additional rights entitlement in the open market (subject to availability); or (ii) to reduce their interests in the Shares of the Company by disposing of their rights entitlements in the open market (subject to market demand). More importantly, the Board believes that the Rights Issue will enable the Group to strengthen its capital base and enhance its financial position for business development. As an open offer does not involve any trading of rights entitlement, rights issue was preferred.

As the Rights Issue will be on a non-underwritten basis, the actual amount of net proceeds that may be raised from the Rights Issue cannot be ascertained as at the date of this announcement. There are no minimum amounts of proceeds that the Company intends to raise. Nevertheless, in the event that there is any shortfall in net proceeds from the Rights Issue, the Company may finance such shortfall for repayment of loans and borrowings by internal resources, working capital and/or other means of financing as and when appropriate. Based on the above, the Board considers that raising capital through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

Depending on the level of subscription by Qualifying Shareholders, the estimated net proceeds of the Rights Issue (assuming no changes in share capital of the Company on or before the Record Date and after deducting estimated professional fees and other costs and expenses related to the Rights Issue) will range from approximately HK\$12.6 million to approximately HK\$19.3 million, of which (i) approximately 90% of the net proceeds is intended to be utilised to finance payment for the Group's purchases of ICs to support its business; and (ii) approximately 10% of the net proceeds is intended to be used as general working capital. In the event that there is an under-subscription of the Rights Issue, net proceeds of the Rights Issue will be utilized in the same proportion as mentioned above.

The Directors consider that it is appropriate to propose the Rights Issue as a means of fund raising to finance purchases of ICs to support its business under prevailing business environment and for general working capital of the Group and that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable under current market conditions.

The estimated expenses of the Rights Issue (including advisory fees for the professional parties, printing, registration, translation, legal, accounting and documentation charges) are estimated to be approximately HK\$0.8 million and will be payable by the Company. The net subscription price per Rights Share upon full acceptance of the relevant provisional allotment of Rights Shares are expected to be approximately HK\$0.060.

PREVIOUS FUND RAISING OF THE COMPANY

The Company has not carried on any equity fund raising activity in the 12 months immediately preceding the date of this announcement.

EXPECTED TIMETABLE

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

Event	Date
Announcement of the Rights Issue	Monday, 14 November 2022
Last day of dealings in Shares on a cum-rights basis	Thursday, 17 November 2022
First day of dealings in Shares on an ex-rights basis	Friday, 18 November 2022
Latest time for lodging transfer of Shares to qualify for the Rights Issue	4:30 p.m. on Monday, 21 November 2022
Closure of the register of members for determination of the Shareholders' entitlements to the Rights Issue (both days inclusive)	Tuesday, 22 November 2022 to Monday, 28 November 2022, both days inclusive
Record Date for determining entitlements under the Rights Issue	Monday, 28 November 2022
Register of member re-opens	Tuesday, 29 November 2022
Despatch of the Prospectus Documents (in the case of Non Qualifying Shareholders, the Prospectus only)	Tuesday, 29 November 2022

First day of dealings in nil-paid Rights Shares Thursday, 1 December 2022

Latest time for splitting of PALs 4:30 p.m. on
Monday, 5 December 2022

Last day of dealings in nil-paid Rights Shares. Thursday, 8 December 2022

Latest time for lodging transfer documents of
nil-paid Rights Shares in order to qualify for
the payment of Net Gain 4:00 p.m. on
Tuesday, 13 December 2022

Latest time for Acceptance
(of, and payment for, the Rights Shares) 4:00 p.m. on
Tuesday, 13 December 2022

Announcement of the number of the Unsubscribed
Rights Shares and the NQS Unsold Rights Shares
subject to the Compensatory Arrangements to be
posted on the Stock Exchange’s website and
the Company’s website on or before Wednesday, 14 December 2022

Commencement of placing of the Unsubscribed
Rights Shares and the NQS Unsold Rights Shares
by the Placing Agent Thursday, 15 December 2022

Latest time of placing of the Unsubscribed
Rights Shares and the NQS Unsold Rights Shares
by the Placing Agent 6:00 p.m. on
Wednesday, 21 December 2022

Latest Time for Termination 4:00 p.m., on
Thursday, 22 December 2022

Announcement of the results of the Rights Issue
(including results of the placing of Unsubscribed
Rights Shares and the NQS Unsold Rights Shares
and the amount of the Net Gain per Unsubscribed
Rights Share and the NQS Unsold Rights Shares
under the Compensatory Arrangements) to be
posted on the Stock Exchange’s website and
the Company’s website on or before Friday, 23 December 2022

Despatch of share certificate for fully-paid
Rights Shares and refund cheques if the
Rights Issue does not become unconditional
to be despatched on or before. Wednesday, 28 December 2022

Commencement of dealings in fully-paid Rights Shares. 9:00 a.m. on
Thursday, 29 December 2022

Payment of the Net Gain (if any) to relevant
No Action Shareholders and Non-Qualifying
Shareholders (if any) Thursday, 19 January 2023

Note: All times and dates in this announcement refer to Hong Kong local times and dates. Shareholders should note that the dates or deadlines specified in the expected timetable above or in other parts of this announcement are indicative only and may be extended, amended, or varied by the Company. Any change to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

EFFECT OF BAD WEATHER OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The latest time for acceptance of, and payment for, the Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, “extreme conditions” caused by super typhoons as announced by the Government of Hong Kong or a “black” rainstorm warning:

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

If the latest time for acceptance of and payment for the Rights Shares does not take place on or before 4:00 p.m. on Tuesday, 13 December 2022, the dates mentioned in the section headed “Expected Timetable” above may be affected. An announcement will be made by the Company in such event.

NOTICE OF CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 22 November 2022 to Monday, 28 November 2022 (both dates inclusive) for determining the Shareholders' entitlements to the Rights Issue. No transfer of Shares will be registered during the above book closure period.

LISTING RULES IMPLICATIONS

Since (i) the Company has not conducted any rights issue or open offer within the 12-month period prior to the date of this announcement or the dealing of shares of which commenced within such 12-month period; and (ii) the Rights Issue will not increase the issued share capital or the market capitalisation of the Company by more than 50%, the Rights Issue is not subject to Shareholders' approval under Rule 7.19A(1) of the Listing Rules.

The Rights Issue would not result in a theoretical dilution effect (as defined under Note 1 to Rule 7.27B of the Listing Rules) of 25% or more, and is therefore not restricted pursuant to Rule 7.27B of the Listing Rules.

GENERAL

Subject to the fulfillment of certain conditions of the Rights Issue, the Company will despatch the Prospectus Documents containing, among other matters, details of the Rights Issue, to the Qualifying Shareholders. To the extent reasonably practicable and subject to compliance with relevant local laws, regulations and requirements of Non-Qualifying Shareholders (if any), the Company will send the Prospectus (but not the PALs) to Non-Qualifying Shareholders (if any) for their information only.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Accordingly, Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not satisfied, the Rights Issue may not become unconditional and will not proceed.

Any Shareholder dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholder or other persons contemplating any dealing in the Shares or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares and are recommended to consult their professional advisers.

As the Rights Issue will proceed on a non-underwritten basis, subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its professional adviser(s).

DEFINITIONS

Unless the context otherwise requires, capitalised terms used in this announcement shall have the following meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any weekday(s) (other than a Saturday or a day on which a tropical cyclone warning signal No. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.) on which banks are generally open for business in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as may be amended and supplemented from time to time
“Companies (WUMP) Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as may be amended and supplemented from time to time
“Company”	Contel Technology Company Limited, a company incorporated in Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1912)
“Compensatory Arrangements”	the compensatory arrangements pursuant to Rule 7.21(1) (b) of the Listing Rules as described in the paragraph headed “Procedures in respect of Rights Shares not subscribed and the NQS Unsold Rights Shares and the Compensatory Arrangements” in this announcement

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IC”	integrated circuit, also referred to as a chip, microchip or a microelectronic circuit
“Independent Third Party(ies)”	third party(ies) who is(are) third party(ies) independent of and not acting in concert or connected with the Company and its connected persons or any of their respective associates
“Irrevocable Undertaking”	the irrevocable undertaking granted by P. Grand and Kingtech in favour of the Company, the terms of which are set out in the paragraph headed “Undertaking” in this announcement
“Kingtech”	Kingtech (BVI) Ltd., a company incorporated in British Virgin Islands with limited liability and a controlling shareholder of the Company
“Last Trading Day”	Friday, 11 November 2022, being the last trading day of the Shares on the Stock Exchange prior to the release of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Tuesday, 13 December 2022, being the latest time for acceptance and payment of the Rights Shares, or such other date as the Company may determine
“Latest Time for Termination”	4:00 p.m. on Thursday, 22 December 2022, being the latest time to terminate the Placing Agreement

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Net Gain”	the aggregate of any premiums (being the aggregate amount paid by the placees after deducting (a) the aggregate amount of the Subscription Price for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares placed by the Placing Agent under the Compensatory Arrangements; and (b) the aggregate amount of the expenses of the Placing Agent and any other related expenses/fees)
“Nil-Paid Rights”	rights to subscribe for Rights Shares (in the form of Rights Shares in nil-paid form) before the Subscription Price is paid
“No Action Shareholder(s)”	Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) under the provisional allotment letters or their renounees, or such persons who hold any Nil Paid Rights at the time such Nil Paid Rights are lapsed
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Issue to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body(ies) or stock exchange in that place(s)
“NQS Unsold Rights Shares”	the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form that have not been sold by the Company
“Overseas Shareholder(s)”	Shareholder(s) whose address(es) as shown on the register of members of the Company on the Record Date is/are in a place(s) outside Hong Kong
“P. Grand”	P. Grand (BVI) Ltd., a company incorporated in British Virgin Islands with limited liability and a controlling shareholder of the Company

“Placing Agent”	DL Securities (HK) Limited, a corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the Placing Agent appointed by the Company to place any Unsubscribed Rights Shares and NQS Unsold Rights Shares for the Placing Arrangement
“Placing Agreement”	the placing agreement dated 14 November 2022 entered into between the Company and the Placing Agent in relation to the placing of Unsubscribed Rights Shares and the NQS Unsold Rights Shares
“Placing Arrangement”	the placing arrangement for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares as described in the section headed “Placing Arrangement for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares” in this announcement
“Posting Date”	Tuesday, 29 November 2022 or such other date as the Company may determine in writing for the despatch of the Prospectus Documents
“Prospectus”	the prospectus of the Company in relation to the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL(s)
“Provisional Allotment Letter(s)” or “PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue in such form as the Company may approve
“Qualifying Shareholders”	Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear on the register of members of the Company as at the close of business on the Record Date
“Record Date”	Monday, 28 November 2022, or such other date as the Company may determine, being the date by reference to which entitlements to the Rights Issue (based on names recorded on the register of members of the Company) will be determined
“Registrar”	Boardroom Share Registrars (HK) Limited, the Company’s branch share registrar and transfer office in Hong Kong
“Rights Issue”	the proposed issue by way of rights on the basis of two (2) Rights Shares for every five (5) existing Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price

“Rights Share(s)”	the new Share(s) proposed to be allotted and issued by the Company pursuant to the Rights Issue
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as may be amended and supplemented from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price, being HK\$0.063 per Rights Share
“Takeovers Code”	The Code on Takeovers and Mergers issued by the SFC (as may be amended and supplemented from time to time)
“Unsubscribed Rights Shares”	the Rights Shares that are not subscribed by the Qualifying Shareholders, which do not include any Rights Shares to be provisionally allotted to P. Grand and Kingtech for which subscription of Rights Shares will be subject to the Undertaking as set out in the paragraph headed “Undertaking” in this announcement
“%”	per cent

By Order of the Board
Contel Technology Company Limited
Au Ka Man Silkie
Company Secretary

Hong Kong, 14 November 2022

As at the date of this announcement, the Board comprises Mr. Lam Keung, Mr. Qing Haodong and Mr. Mai Lu and add Ms. Cheng Yu Pik as executive directors; Mr. Dan Kun Lei, Raymond, Mr. Chan Ngai Fan and Mr. Lai Man Shun as independent non-executive directors.