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## **SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE**

**Financial adviser to the Company**

**RAINBOW.**

RAINBOW CAPITAL (HK) LIMITED  
滋博資本有限公司

### **THE SUBSCRIPTIONS**

On 10 February 2023, the Company entered into the Subscription Agreements with the Subscribers, pursuant to which the Company has conditionally agreed to issue to the Subscribers, and the Subscribers have conditionally agreed to subscribe for, the Subscription Shares, being a total of 81,804,141 Subscription Shares at the Subscription Price of HK\$0.59 per Subscription Share under the General Mandate.

The Subscription Shares in aggregate represent (i) approximately 10.00% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.09% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares, assuming there will be no change in the number of issued share capital of the Company from the date of this announcement up to the Closing Date.

The net proceeds from the Subscriptions, after deduction of relevant costs and expenses, are expected to be approximately HK\$48.1 million, which shall be applied by the Company for potential merger and acquisition opportunities as well as general corporate and working capital purposes.

The issue of the Subscription Shares is conditional upon, among others, the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares.

**Completion of the Subscriptions is subject to fulfilment or waiver (as the case may be) of the Conditions Precedent under the Subscription Agreements as stated in this announcement. As such, the Subscriptions may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

On 10 February 2023, the Company entered into the Subscription Agreements with the Subscribers, pursuant to which the Company has conditionally agreed to issue to the Subscribers, and the Subscribers have conditionally agreed to subscribe for, the Subscription Shares, being a total of 81,804,141 Subscription Shares at the Subscription Price of HK\$0.59 per Subscription Share under the General Mandate.

## **PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENTS**

<b>Date:</b>	10 February 2023
<b>Parties:</b>	(i) The Company, as issuer; and (ii) the Subscribers, as subscribers
<b>Subscription Shares:</b>	An aggregate of 81,804,141 Subscription Shares, which includes:  Subscriber A: 40,902,070 Subscription Shares  Subscriber B: 40,902,071 Subscription Shares
<b>Subscription Price:</b>	HK\$0.59 per Subscription Share

## **Subscription Shares**

An aggregate of 81,804,141 Subscription Shares will be issued under the Subscriptions.

As at the date of this announcement, the Company has a total of 818,041,413 Shares in issue. Assuming there will be no change in the issued share capital of the Company from the date of this announcement up to the Closing Date, save for the allotment and issue of the Subscription Shares, the Subscription Shares in aggregate represent:

- (i) approximately 10.00% of the existing issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 9.09% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The Subscription Shares have an aggregate nominal value of HK\$8,180,414.1.

## **Subscription Price**

The Subscription Price of HK\$0.59 per Subscription Share represents:

- (i) a discount of approximately 16.9% to the closing price of HK\$0.71 per Share as quoted on the Stock Exchange on the date of the Subscription Agreements;
- (ii) a discount of approximately 18.5% to the average closing price of approximately HK\$0.724 per Share as quoted on the Stock Exchange for the last five (5) trading days immediately before the date of the Subscription Agreements; and
- (iii) a premium of approximately 217.2% over the unaudited consolidated net asset value attributable to the Shareholders of approximately HK\$0.186 per Share as at 30 June 2022, calculated by dividing the Group's unaudited consolidated net assets attributable to the Shareholders of approximately HK\$152,158,000 as at 30 June 2022 by 818,041,413 Shares in issue as at the date of this announcement.

The Subscription Price was determined after arm's length negotiation between the Company and the Subscribers after taking into account the prevailing market price and trading volume of the Shares as well as the current market conditions. The Directors consider that the terms of the Subscription Agreements are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The total Subscription Price, after deduction of relevant costs and expenses, is estimated to be approximately HK\$48.1 million. The net Subscription Price, after deduction of relevant costs and expenses, is estimated to be approximately HK\$0.588 per Subscription Share.

The Subscription Price shall be payable by the Subscribers in cash upon Closing.

### **Ranking**

The Subscription Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with all other Shares in issue at the time of allotment and issue of the Subscription Shares.

### **Conditions Precedent**

Closing of the Subscription Agreements is conditional upon the satisfaction of the following Conditions Precedent:

- (i) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Subscription Shares and such approval not having been withdrawn or revoked;
- (ii) the current listing of the Shares on the Stock Exchange not having been cancelled or withdrawn;
- (iii) each of the warranties included in the Subscription Agreements given by the Company remaining true and accurate in all respects and not misleading in any respect as at the Closing Date;
- (iv) the Company not having materially breached or failed to perform in any material respect its other obligations or undertakings under the Subscription Agreements prior to Closing;

- (v) all consents, approvals, permits, authorisations or clearances (as the case may be) that the Company reasonably considers necessary pursuant to applicable laws, regulations or rules (including but not limited to the Listing Rules) for its execution, implementation and completion of the Subscription Agreements having been obtained, and all such consents, approvals, permits, authorisations and clearances not having been revoked or withdrawn at any time before Closing;
- (vi) all consents, approvals, permits, authorisations or clearances (as the case may be) that the Subscribers reasonably consider necessary pursuant to applicable laws, regulations or rules (including but not limited to the Listing Rules) for its execution, implementation and completion of the Subscription Agreements having been obtained, and all such consents, approvals, permits, authorisations and clearances not having been revoked or withdrawn at any time before Closing; and
- (vii) from the date of the Subscription Agreements up to and including the Closing Date, there not having occurred any change (nor any development or event involving a prospective change) in the business, assets and liabilities, condition (financial or otherwise), business operations, results of operations or general affairs of the Company or the Group taken as a whole (whether or not arising in the ordinary course of business), which, in the reasonable opinion of the Subscribers, has or would have a Material Adverse Effect.

Among the above Conditions Precedent, items (i), (ii), (v) and (vi) are not waivable by any party to the Subscription Agreements, while items (iii), (iv) and (vii) may be waived by the Subscribers. As at the date of this announcement, none of the Conditions Precedent have been fulfilled.

If the above Conditions Precedent are not satisfied or waived by 11:59 p.m. on the Long Stop Date, the Subscription Agreements shall be automatically terminated with immediate effect.

## **Closing**

Subject to the Conditions Precedent being satisfied or waived (if applicable) and the relevant terms under the Subscription Agreements, Closing shall occur on the date that is ten (10) business days after the date (not being later than the Long Stop Date) on which the last Condition Precedent is satisfied or waived (if applicable) via exchange of documents and signatures, or at such other date, time and venue as the parties to the Subscription Agreements may agree in writing.

## **General Mandate**

Pursuant to a general mandate (the “**General Mandate**”) granted by the Shareholders at the annual general meeting of the Company held on 20 May 2022, the Directors may exercise all powers of the Company to allot, issue and otherwise deal with Shares not exceeding 163,608,282 Shares, representing 20% of the number of the issued Shares of the Company as at the date of the annual general meeting. As at the date of this announcement, no Shares have been allotted and issued pursuant to the General Mandate. Accordingly, 163,608,282 Shares remains available for allotment and issuance under the General Mandate which is sufficient for the issue of the Subscription Shares. As a result, the issue of the Subscription Shares is not subject to separate Shareholders’ approval.

## **Listing Application**

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

## EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY FOLLOWING COMPLETION OF THE SUBSCRIPTIONS

The table below sets out a summary of the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the allotment and issue of the Subscription Shares (assuming there are no other changes to the issued share capital of the Company between the date of this announcement and the Closing Date save for the allotment and issue of the Subscription Shares and the Subscribers will not hold any other Shares save for the Subscription Shares on the Closing Date):

	As at the date of this announcement		Immediately after the allotment and issue of the Subscription Shares	
	<i>Approximate shareholding Number of Shares</i>	<i>percentage (%)</i>	<i>Approximate shareholding Number of Shares</i>	<i>percentage (%)</i>
MARS Worldwide Holdings Limited <i>(Note 1)</i>	411,293,396	50.28	411,293,396	45.71
Mr. Yau Wing Yiu <i>(Note 2)</i>	698,235	0.09	698,235	0.08
Subscriber A	–	–	40,902,070	4.54
Subscriber B	–	–	40,902,071	4.55
Other independent Shareholders	<u>406,049,782</u>	<u>49.64</u>	<u>406,049,782</u>	<u>45.12</u>
<b>Total</b>	<b><u><u>818,041,413</u></u></b>	<b><u><u>100.00</u></u></b>	<b><u><u>899,845,554</u></u></b>	<b><u><u>100.00</u></u></b>

*Note:*

1. MARS Worldwide Holdings Limited is a company incorporated in the British Virgin Islands with limited liability which is wholly and beneficially owned by Ms. Ma Xiaoqiu, the chairlady of the Company and an executive Director.
2. Mr. Yau Wing Yiu was an independent non-executive Director up to 31 January 2023.

## **INFORMATION ON THE GROUP**

The Company is incorporated in Bermuda with limited liability and its issued shares have been listed on Main Board of the Stock Exchange since 13 March 2000. The Group's principal activity is manufacturing and trading garment products for internationally renowned brand names. The production of the Group's garment products is carried out at the Group's own production facilities located in Heshan, the PRC, and also through overseas subcontractors in Southeast Asia. Further, the Group has a securities investment business segment that trades securities listed on the Stock Exchange.

## **INFORMATION ON THE SUBSCRIBERS**

Each of Subscriber A and Subscriber B is an individual who is a PRC resident. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of Subscriber A and Subscriber B is a third party independent of the Company and its connected persons.

## **REASONS FOR AND BENEFITS OF THE SUBSCRIPTIONS**

As disclosed in the interim report of the Company for the six months ended 30 June 2022, the financial performance of the Group turnaround to profit from loss in the corresponding period in the prior year as the Group's garment manufacturing and trading segment achieved positive results. On the other hand, the securities investment segment of the Group has been loss making as a result of the negative factors on the economic and investment market. Given the volatile stock market, the Group intends to continue to adopt a conservative investment strategy by reserving working capital for its business operation while seeking for diversification of the Group's business should suitable opportunities arise. As such, the Directors consider that the Subscriptions represent an opportunity to raise additional capital for maintaining the Group's working capital and business operation and provide flexibility to the Group to fund potential acquisitions with growth prospect which may or may not be in line with the existing businesses of the Group, if there are suitable business opportunities. The Subscriptions will also strengthen the capital base and financial position for the Group's future business developments and broaden the Shareholder base of the Company.

The Directors consider that the terms of the Subscription Agreements (including the Subscription Price) and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.



## **USE OF PROCEEDS**

The gross and net proceeds from the Subscriptions are expected to be approximately HK\$48.3 million and HK\$48.1 million, respectively.

The Company intends to apply the net proceeds as to 20% for potential merger and acquisition opportunities and as to 80% for general corporate and working capital purposes. As at the date of this announcement, the Company had not identified any target companies for potential acquisition.

## **EQUITY FUND RAISING OF THE COMPANY DURING THE PAST TWELVE MONTHS**

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

## **CONNECTED TRANSACTION – APPOINTMENT OF FINANCIAL ADVISOR**

On 10 February 2023, the Company entered into the Financial Advisory Agreement with Rainbow Capital for the provision of corporate financial advisory services to the Company in relation to the Subscriptions, the scope of which included, among others, the preparation of announcement and other documentations. Rainbow Capital is appointed as the Company's financial adviser for a fee which was determined after arm's length negotiations with reference to prevailing market rates. Mr. Choi Tan Yee, an executive Director, is the controlling shareholder of Rainbow Capital. Therefore, Rainbow Capital is a connected person of the Company and the transactions contemplated under the Financial Advisory Agreement constitute a connected transaction for the Company under Chapter 14A of the Listing Rules. The Board considers it is in the best interests of the Company to enter into the Financial Advisory Agreement with Rainbow Capital as Rainbow Capital is familiar with the business operations of the Group in view of the connected relationship, which will in turn result in more efficient services to the Group.

Rainbow Capital is a corporation licensed under the Securities and Futures Ordinance to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. It provides a comprehensive range of corporate financial advisory services for local and international clients.

As the relevant percentage ratios (other than the profits ratio) in respect of the consideration to be paid under the Financial Advisory Agreement will be less than 5% and the total consideration is less than HK\$3.0 million, the transaction contemplated under the Financial Advisory Agreement is fully exempted under Rule 14A.76 of the Listing Rules. Mr. Choi Tan Yee has abstained from voting on the board resolution for approving the engagement of Rainbow Capital.

## **GENERAL**

**Completion of the Subscriptions is subject to fulfilment or waiver (as the case may be) of the Conditions Precedent under the Subscription Agreements as stated in this announcement. As such, the Subscriptions may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **DEFINITIONS**

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

“Board”	the board of directors of the Company;
“Closing”	completion of the Subscription Agreements;
“Closing Date”	date of Closing;
“Company”	Carry Wealth Holdings Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the main board of the Stock Exchange (Stock code: 643);
“Conditions Precedent”	the conditions precedent set out in the section headed “Principal terms of the Subscription Agreements – Conditions Precedent” in this announcement;
“connected persons”	has the meaning ascribed thereto under the Listing Rules;
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules;
“Director(s)”	member(s) of the Board of the Company;

“Financial Advisory Agreement”	the financial advisory agreement dated 10 February 2023 and entered into between the Company and Rainbow Capital in relation to the provision of corporate financial advisory services for the Subscriptions;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	31 March 2023 (or such later date as the Company and the Subscribers may agree in writing);
“Material Adverse Effect”	any material adverse effect on the business, assets and liabilities, condition (financial or otherwise), business operations, results of operations, or general affairs of the Company or the Group taken as a whole;
“PRC”	the People’s Republic of China, which shall, for the purpose of this announcement, exclude Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC;
“Rainbow Capital”	Rainbow Capital (HK) Limited, a corporation licensed under the Securities and Futures Ordinance to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities;
“Share(s)”	ordinary share of HK\$0.1 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Subscriber A”	Ms. Zhang Huanhuan (張歡歡), an individual who is a PRC resident;
“Subscriber B”	Ms. Huang Liqing (黃麗青), an individual who is a PRC resident;
“Subscribers”	Subscriber A and Subscriber B;
“Subscriptions”	the subscriptions by the Subscribers for, and the allotment and issue by the Company of, the Subscription Shares under the terms and subject to the conditions of the Subscription Agreements;
“Subscription Agreement A”	the subscription agreement dated 10 February 2023 entered into between the Company and Subscriber A;
“Subscription Agreement B”	the subscription agreement dated 10 February 2023 entered into between the Company and Subscriber B;
“Subscription Agreements”	Subscription Agreement A and Subscription Agreement B;
“Subscription Price”	HK\$0.59 per Subscription Share;
“Subscription Share(s)”	an aggregate of 81,804,141 new Shares to be allotted and issued by the Company to the Subscribers pursuant to the terms and conditions of the Subscription Agreements;
“%”	per cent.

By order of the Board  
**Carry Wealth Holdings Limited**  
**Ma Xiaoqiu**  
*Chairlady and Executive Director*

Hong Kong, 10 February 2023

*As at the date of this announcement, the Board comprises Ms. Ma Xiaoqiu (Chairlady), Mr. Tsang Chun Ho Anthony, Mr. Choi Tan Yee, Mr. Jiang Jinbo and Ms. Chen Jun as executive Directors, and Mr. Wang Tianzi, Mr. Wang Fan, Mr. Cheng Wai Hei and Mr. Peng Peng as independent non-executive Directors.*