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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)

(1) ISSUE OF NEW SHARES UNDER THE SPECIFIC MANDATE; AND (2) RESUMPTION OF TRADING

(1) ISSUE OF NEW SHARES UNDER THE SPECIFIC MANDATE

On 13 November 2023 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for a total of 187,600,000 Subscription Shares at the Subscription Price of HK\$3.80 per Subscription Share in accordance with the terms and conditions as set out in the Subscription Agreement.

The gross proceeds from the Subscription amount to HK\$712,880,000, while the net proceeds from the Subscription, after deducting the related expenses, are estimated to be approximately HK\$710,000,000. The Company intends to apply approximately 43% of the net proceeds from the Subscription for potential merger and acquisition opportunities of companies engaged in the digital assets and blockchain platform business, approximately 29% for developing and enhancing platform technology of digital asset platform business, approximately 14% for supporting the capital requirements of the Group's regulated subsidiaries; and approximately 14% will be applied as general working capital of the Group.

The Subscription Shares represent approximately 42.79% of the entire issued share capital of the Company as at the date of this announcement and approximately 29.97% of the entire issued share capital of the Company as enlarged by the Subscription, assuming that there will be no change in the issued share capital of the Company (other than the allotment and issue of the Subscription Shares) between the date of this announcement and Completion.

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

General

The EGM will be convened for the purpose of considering, and if thought fit, approving the Subscription, the Subscription Agreement, the allotment and issue of the Subscription Shares pursuant to the Specific Mandate and the transactions contemplated thereunder.

The voting in respect of the Subscription and the allotment and issue of the Subscription Shares pursuant to the Specific Mandate at the EGM will be conducted by way of poll. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders and their respective close associates has any material interest in the Subscription, the Subscription Agreement, the allotment and issue of the Subscription Shares pursuant to the Specific Mandate and the transactions contemplated thereunder and no Shareholder will be required to abstain from voting on the relevant resolution(s) to approve the Subscription, the Subscription Agreement, the allotment and issue of the Subscription Shares pursuant to the Specific Mandate and the transactions contemplated thereunder at the EGM.

A circular containing (i) further details of the Subscription and the Subscription Agreement; and (ii) a notice convening the EGM, is expected to be despatched to the Shareholders on or before 8 December 2023 so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

Completion of the Subscription is subject to the satisfaction of the conditions to the Subscription Agreement. As such, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

(2) RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on Monday, 13 November 2023 pending the release of (i) the announcement of the Company dated 13 November 2023 in relation to a major transaction; and subsequently, (ii) this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on Wednesday, 15 November 2023.

(1) ISSUE OF NEW SHARES UNDER THE SPECIFIC MANDATE

THE SUBSCRIPTION AGREEMENT

The Board is pleased to announce that, on 13 November 2023 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for a total of 187,600,000 Subscription Shares at the Subscription Price of HK\$3.80 per Subscription Share.

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

Date: 13 November 2023 (after trading hours)

Parties: (i) the Company (as issuer); and
(ii) the Subscriber (as subscriber).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner are Independent Third Parties and do not hold any Shares as at the date of this announcement. Upon Completion, the Subscriber will become a substantial Shareholder (as defined under the Listing Rules).

The Subscription Shares

Upon Completion, the Company shall issue a total of 187,600,000 new Shares to the Subscriber at the Subscription Price of HK\$3.80 per Subscription Share. The Subscription Shares represent approximately 42.79% of the entire issued share capital of the Company as at the date of this announcement and approximately 29.97% of the entire issued share capital of the Company as enlarged by the Subscription, assuming that there will be no change in the issued share capital of the Company (other than the allotment and issue of the Subscription Shares) between the date of this announcement and Completion.

The Subscription Shares have an aggregate nominal value of HK\$1,876,000 and market value of HK\$922,992,000 based on the closing price of HK\$4.92 per Share as quoted on the Stock Exchange on 10 November 2023, being the last trading day immediately preceding the date of the Subscription Agreement.

The Subscription Shares, when allotted and issued, will be fully paid and free from any encumbrances.

The Subscription Price

The Subscription Price of HK\$3.80 per Subscription Share represents:

- (i) a discount of approximately 22.76% to the closing price of HK\$4.92 per Share as quoted on the Stock Exchange on 10 November 2023, being the last trading day immediately preceding the date of the Subscription Agreement;

- (ii) a discount of approximately 4.81% to the average closing price of approximately HK\$3.99 per Share as quoted on the Stock Exchange for the last 5 trading days immediately preceding the date of the Subscription Agreement;
- (iii) a discount of approximately 1.12% to the average closing price of approximately HK\$3.84 per Share as quoted on the Stock Exchange for the last 10 trading days immediately preceding the date of the Subscription Agreement; and
- (iv) a premium of approximately 153.33% over the audited consolidated net assets value attributable to the Shareholders per Share of approximately HK\$1.50 as at 31 December 2022.

The Subscription Price was determined after arm's length negotiation between the Company and the Subscriber with reference to (i) the price for previous subscriptions after the Company expanded into digital assets businesses; (ii) the market conditions of the digital asset business of the Group; and (iii) the Group's position as the first Virtual Asset Service Provider to become licensed by the SFC to conduct Type 1 (dealing in securities) and Type 7 (automated trading service (ATS)) regulated activities. The Board considers that the Subscription Price and the terms of the Subscription Agreement are on normal commercial terms and are fair and reasonable and are in the interests of the Company and the Shareholders as a whole based on the current market conditions.

Conditions

Completion of the Subscription is conditional upon:

- (i) this announcement having been issued by the Company;
- (ii) the Shareholders having approved at the EGM the Subscription Agreement and the transaction contemplated under the Subscription Agreement in accordance with the requirement under the Listing Rules;
- (iii) the Listing Committee having granted the listing of and the permission to deal in the Subscription Shares, and such approval and granting of permission not having been withdrawn or revoked;
- (iv) the warranties given by the Company are true and accurate and not misleading when made, and are true and accurate and not misleading on and as of the Completion Date (except to the extent any statement is expressly made as of such a date as otherwise specified therein);
- (v) there having been no occurrence of any material adverse effect;
- (vi) there having been no injunction, restraining order or any other legal or regulatory restraint or prohibition issued or made by any court of competent jurisdiction or any regulatory authority in effect which restrains, prohibits or makes unlawful any transaction contemplated by the Subscription Agreement or which is reasonably likely to materially and adversely affect the right of the Subscriber to own the legal and beneficial title to the Subscription Shares, free from encumbrances, following the Completion Date;

- (vii) the licences as set out in the Subscription Agreement remaining valid and effective and not having been revoked, terminated or suspended by the relevant regulatory authorities, and no representation, notice or statement in relation to the revocation, termination or suspension of such licences having been received on or before the Completion Date; and no additional conditions having been imposed in respect of the licences by the relevant regulatory authorities as a result of Completion;
- (viii) the appointment of three persons nominated by the Subscriber as executive Directors and two persons nominated by the Subscriber as independent non-executive Directors, with effect from the Completion Date and subject to Completion taking place, having been approved by the Shareholders at the EGM, or failing which, by the Board;
- (ix) in respect of each Licensed Subsidiary, there being not less than two responsible officers for each of the regulated activities under the SFO in respect of each of the Licensed Subsidiaries, and at least one of which being an executive director as defined under the SFO;
- (x) there being no material non-compliance or breach (or any event (including but not limited to Completion) which would result in potential material non-compliance or breach) by the Company or other members of the Group of the terms of any binding agreements, obligations, instruments, conditions of the licences as set out in the Subscription Agreement or any approvals obtained by them;
- (xi) the Company having performed and complied with all agreements, obligations and conditions set out in the Subscription Agreement that are required to be performed or complied with by it on or before the Completion Date; and
- (xii) the Shares remaining listed and traded on the Stock Exchange and neither the Stock Exchange nor the SFC having indicated on or before the Completion Date that it may cancel or object to such continued listing for reasons related to the transactions contemplated under the Subscription Agreement, other transaction documents and/or other matters.

Save for the Conditions in clause (ii) and clause (iii) above which may not be waived by any party, the Subscriber is entitled (but not obligated) to waive in whole or in part and conditionally or unconditionally any of the Conditions by notice in writing to the Company.

As at the date of this announcement, the Condition in clause (i) above has been fulfilled.

In respect of the Condition in clause (viii) above, among the nominees, the Subscriber intends to nominate Mr. Pan Zhiyong and Mr. Yang Chao as executive Directors.

Mr. Pan is currently the chief executive officer of BGX. Mr. Pan has extensive experience in blockchain and cryptocurrency, technology and e-commerce. Mr. Pan served as the chief operating officer of Phoenix Global Capital, a Singapore-based firm offering technology development, security management, business operations, and customer services in the crypto sector. Prior to this, he was the chief executive officer of BabyTree Group (stock code: 1761), the shares of which are listed on the Main Board of the Stock Exchange. He has also held significant positions at Ke Holdings Inc. (NYSE: BEKE), Alibaba and 360 Security Technology Inc. (SHA: 601360).

Mr. Yang has worked in various investment institutions including Kaifu Fund, Gao Teng Wo Ying, Roho Fund, and has been engaged in the fields of investment research, risk management and private equity investment for 15 years. He has extensive experience as he has participated in many listed companies' initial public offerings, asset restructurings and mergers and acquisitions, etc.

Upon Completion, the nominees together will constitute a majority of the members of the Board. Further details of the proposed appointment of Directors will be disclosed in the circular in relation to the EGM.

If any of the Conditions above has not been satisfied (or otherwise waived) before the Long Stop Date, the Subscription Agreement shall terminate with immediate effect.

Application for Listing

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

Completion

Completion shall take place on the 3rd Business Day following the satisfaction (or waiver) of all the Conditions (other than the Conditions set out in clause (iv) to clause (vii) and clause (ix) to clause (xii) in the section headed “(1) Issue of New Shares under the Specific Mandate — The Subscription Agreement — Conditions” in this announcement which are to be satisfied at or before Completion), or such other date as the Subscriber and the Company may agree in writing (the “**Completion Date**”).

Specific Mandate

The Subscription Shares will be allotted and issued under the Specific Mandate to be approved by way of ordinary resolution by the Shareholders at the EGM.

REASONS FOR THE SUBSCRIPTION AND INTENDED USE OF PROCEEDS BY THE COMPANY

The gross proceeds from the Subscription amount to HK\$712,880,000, while the net proceeds from the Subscription, after deducting all relevant expenses (including but not limited to legal expenses and disbursements) incidental to the Subscription, are estimated to be approximately HK\$710,000,000 and a net issue price of approximately HK\$3.78 per Subscription Share.

The Company intends to apply approximately 43% of the net proceeds from the Subscription for potential merger and acquisition opportunities of companies engaged in the digital assets and blockchain platform business, approximately 29% for developing and enhancing platform technology of digital asset platform business, approximately 14% for supporting the capital requirements of the Group's regulated subsidiaries, and approximately 14% will be applied as general working capital of the Group.

The Company has been considering opportunities to strengthen its capital for development and expansion plans, which is especially the case following the relaxation of the licensing conditions for virtual asset trading platforms by the SFC to permit trading and related services to be offered to retail investors and other emerging business opportunities such as Security Token Offerings. The Directors consider that the Subscription represents an opportunity to raise additional funding for business operation and expansion of the Group and provides working capital to the Group to meet any financial obligations of the Group.

In light of the above, the Directors are of the view that the terms of the Subscription Agreement (including but not limited to the Subscription Price) are on normal commercial terms and are fair and reasonable, such that the Subscription is in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company had not conducted any fund raising activities involving the issue of its equity securities in the 12 months immediately preceding the date of this announcement.

EFFECT ON THE SHAREHOLDING OF THE COMPANY FOLLOWING COMPLETION OF THE SUBSCRIPTION

Assuming there is no change to the issued share capital of the Company (other than the allotment and issue of the Subscription Shares) between the date of the Subscription Agreement and Completion, the effect of the Subscription on the shareholding structure of the Company will be as follows:

Shareholder	As at the date of this announcement		Immediately after Completion	
	Number of Shares	Approximate shareholding percentage	Number of Shares	Approximate shareholding percentage
<i>Directors (Note 1)</i>				
Mr. Lo Ken Bon (Note 2)	858,500	0.20%	858,500	0.14%
Mr. Chapman David James	360,000	0.08%	360,000	0.06%
Mr. Tiu Ka Chun, Gary	250,000	0.06%	250,000	0.04%
Mr. Chau Shing Yim, David	20,000	0.00%	20,000	0.00%
Mr. Chia Kee Loong, Lawrence	300,000	0.07%	300,000	0.05%
Mr. Tai Benedict	50,000	0.01%	50,000	0.00%
<i>Substantial Shareholders</i>				
East Harvest (Note 3)	187,536,194	42.77%	187,536,194	29.96%
Pandanus Associates Inc. (Note 4)	43,836,892	10.00%	43,836,892	7.00%
The Subscriber	0	0.00%	187,600,000	29.97%
<i>Other public Shareholders</i>	205,241,598	46.81%	205,241,598	32.78%
Total	438,453,184	100.00%	626,053,184	100.00%

Notes:

- (1) As at the date of this announcement, (i) each of the following Directors, namely, Mr. Ko, Mr. Lo, Mr. Madden, Mr. Chapman, Mr. Tiu Ka Chun, Gary, Mr. Chau Shing Yim, David, Mr. Chia Kee Loong, Lawrence and Mr. Tai Benedict; and (ii) Mr. Lo's spouse were granted share options of the Company under the Company's share option scheme. For the purpose of this announcement, the above table does not include any interests in the underlying shares to be issued under any share options granted to the Directors and their spouses (as the case may be).
- (2) Interest in these Shares includes Shares held by the spouse of Mr. Lo.
- (3) East Harvest is owned by Wise Aloe (directly) and Mr. Ko (indirectly) as to 60.42% and 32.87% respectively. Wise Aloe is owned by Bell Haven (directly) and Mr. Ko (indirectly) as to 77.77% and 22.23% respectively. Bell Haven is in turn owned by Mr. Lo, Mr. Madden and Mr. Chapman as to 30.82%, 22.09% and 22.09% respectively.
- (4) Pandanus Associates Inc. is deemed to be interested in the 43,836,892 Shares in which FIL Limited has an interest, which was controlled as to 39.40% by its controlled entity, Pandanus Partners L.P., which was in turn controlled as to 100% by Pandanus Associates Inc.

GENERAL

The EGM will be convened for the purpose of considering, and if thought fit, approving the Subscription, the Subscription Agreement, the allotment and issue of the Subscription Shares pursuant to the Specific Mandate and the transactions contemplated thereunder.

The voting in respect of the Subscription and the allotment and issue of the Subscription Shares pursuant to the Specific Mandate at the EGM will be conducted by way of poll. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders and their respective close associates has any material interest in the Subscription, the Subscription Agreement, the allotment and issue of the Subscription Shares pursuant to the Specific Mandate and the transactions contemplated thereunder and no Shareholder will be required to abstain from voting on the relevant resolution(s) to approve the Subscription, the Subscription Agreement, the allotment and issue of the Subscription Shares pursuant to the Specific Mandate and the transactions contemplated thereunder at the EGM.

A circular containing (i) further details of the Subscription and the Subscription Agreement; and (ii) a notice convening the EGM, is expected to be despatched to the Shareholders on or before 8 December 2023 so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

INFORMATION ON THE SUBSCRIBER

The Subscriber is a company incorporated in the Cayman Islands and wholly-owned by Mr. Liu. Mr. Liu is an experienced investor and has extensive experience in fund management. Mr. Liu started his career at Morgan Stanley Huaxin Fund Management Co., Ltd. and BNY Mellon Western Fund Management Co., Ltd.. Mr. Liu is the founder of Shenzhen Qianhai Junchuang Fund Management Co. Ltd., which is a professional equity investment institution in the PRC. He is also the founder of Foresight Ventures, which is a crypto investment firm dedicated to backing Web3 projects. Mr. Liu is a veteran investor in crypto sector and has invested in projects and companies including The Block, Walletconnect, Sei Network, Xterio, Story Protocol, Matrixport and Bitget.

INFORMATION ON THE GROUP

The Group is principally engaged in the digital assets and blockchain platform business in Hong Kong and Singapore. The Company also has a business park area management services business in Mainland China.

Completion of the Subscription is subject to the satisfaction of the conditions to the Subscription Agreement. As such, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

(2) RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on Monday, 13 November 2023 pending the release of (i) the announcement of the Company dated 13 November 2023 in relation to a major transaction; and subsequently, (ii) this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on Wednesday, 15 November 2023.

DEFINITIONS

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

“Bell Haven”	Bell Haven Limited, a company incorporated in British Virgin Islands with limited liability, which is owned by Mr. Lo, Mr. Madden and Mr. Chapman as to 30.82%, 22.09% and 22.09% respectively;
“Board”	the board of Directors;
“Business Day”	means a day (other than a Saturday or Sunday or public holiday in Hong Kong and any day on which a tropical cyclone warning no. 8 or above or a “black” rain warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks are open in Hong Kong for general commercial business;
“Company”	BC Technology Group Limited (stock code: 863), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange;
“Completion”	completion of the Subscription in accordance with the Subscription Agreement;
“Completion Date”	has the meaning ascribed thereto under the section headed “(1) Issue of New Shares under the Specific Mandate — The Subscription Agreement — Completion” in this announcement;

“Condition(s)”	condition(s) to Completion as set out in the Subscription Agreement;
“Director(s)”	the director(s) of the Company;
“East Harvest”	East Harvest Global Limited, a company incorporated in the British Virgin Islands, which is owned by Wise Aloe (directly) and Mr. Ko (indirectly) as to 60.42% and 32.87% respectively;
“EGM”	the extraordinary general meeting of the Company to be convened to approve the Subscription, the Subscription Agreement, the allotment and issue of the Subscription Shares pursuant to the Specific Mandate and the transactions contemplated thereunder;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Part(ies)”	independent third party who is not connected person (as defined under the Listing Rules) of the Company and is independent of and not connected with the connected persons of the Company;
“Licensed Subsidiar(ies)”	OSL Digital Securities Limited and OSL Asset Management Limited, each a company incorporated in Hong Kong with limited liability;
“Listing Committee”	the listing committee of the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Long Stop Date”	29 February 2024, or such other date as the Subscriber and the Company may agree in writing;
“Mr. Chapman”	Mr. Chapman David James, an executive Director;
“Mr. Ko”	Mr. Ko Chun Shun, Johnson, an executive Director;
“Mr. Liu”	Mr. Liu Shuai, who is the sole shareholder and sole director of the Subscriber;
“Mr. Lo”	Mr. Lo Ken Bon, an executive Director;
“Mr. Madden”	Mr. Madden Hugh Douglas, an executive Director;
“Mr. Pan”	Mr. Pan Zhiyong, the chief executive officer of BGX;
“Mr. Yang”	Mr. Yang Chao;

“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) with par value of HK\$0.01 each in the issued share capital of the Company;
“Shareholder(s)”	the holder(s) of the issued Share(s);
“Specific Mandate”	the specific mandate to be sought from the Shareholders for the allotment and issue of the Subscription Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber” or “BGX”	BGX Group Holding Limited, an exempted company incorporated in the Cayman Islands with limited liability;
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the terms and conditions of the Subscription Agreement;
“Subscription Agreement”	the subscription agreement dated 13 November 2023 entered into between the Company and the Subscriber in relation to the subscription of 187,600,000 new Shares;
“Subscription Price”	HK\$3.80 per Subscription Share;
“Subscription Share(s)”	187,600,000 new Shares to be subscribed by the Subscriber pursuant to the Subscription Agreement;
“Wise Aloe”	Wise Aloe Limited, a company incorporated in British Virgin Islands with limited liability, which is owned by Bell Haven (directly) and Mr. Ko (indirectly) as to 77.77% and 22.23% respectively; and
“%”	per cent.

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

Hong Kong, 14 November 2023

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