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**Shin Hwa World Limited**  
**神話世界有限公司**

*(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)*

**(Stock Code: 00582)**

**PROPOSED ISSUE OF NEW SHARES UNDER  
GENERAL MANDATE  
AND  
RESUMPTION OF TRADING**

**THE SUBSCRIPTION**

On 1 March 2024 (after trading hours), the Company, the Subscriber and the Guarantor entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for a total of 845,250,000 Subscription Shares at the Subscription Price of HK\$0.034 per Subscription Share.

The number of 845,250,000 Subscription Shares represents:

- (a) approximately 20% of the issued share capital of the Company as at the date of this announcement; and
- (b) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issuance of the Subscription Shares upon Completion (assuming there will be no other change in the issued share capital of the Company between the date of this announcement and the Completion Date).

The gross proceeds and the estimated net proceeds (after deduction of the relevant expenses and fees) from the Subscription will be HK\$28,738,500 and approximately HK\$28,500,000, respectively. The Company intends to use the net proceeds from the Subscription in the following manner: (i) approximately HK\$14,000,000 for upgrade, repair and maintenance of the existing building, equipment and facilities within Jeju Shinhwa World, an integrated leisure and entertainment resort located in Jeju Island, South Korea owned and operated by the Group; (ii) approximately HK\$10,000,000 for payment of interest expense; (iii) approximately HK\$4,500,000 for sales and marketing promotion and advertising expense; and (iv) the remaining balance, if any, for general working capital.

### **GENERAL MANDATE**

The Subscription Shares will be allotted and issued under the General Mandate, which authorised the Directors to allot and issue up to 845,250,462 Shares. As at the date of this announcement, no Share has been allotted and issued under the General Mandate. Accordingly, the General Mandate is sufficient for the allotment and issuance of the Subscription Shares and therefore the Subscription is not subject to the approval of the Shareholders.

### **APPLICATION FOR LISTING**

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

**As Completion of the Subscription Agreement is subject to fulfilment and/or waiver (as appropriate) of the Conditions, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

### **RESUMPTION OF TRADING IN SHARES**

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 4 March 2024 pending the release of this announcement. Application has been made by the Company for resumption of trading of the Shares on the Stock Exchange with effect from 9:00 a.m. on 5 March 2024.

On 1 March 2024 (after trading hours), the Company, the Subscriber and the Guarantor entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for a total of 845,250,000 Subscription Shares at the Subscription Price of HK\$0.034 per Subscription Share.

## **THE SUBSCRIPTION AGREEMENT**

The principal terms of the Subscription Agreement are set out as follows:

### **Date**

1 March 2024 (after trading hours)

### **Parties**

- (1) the Company, as issuer;
- (2) Resplendence Investment Development Limited, as subscriber; and
- (3) Zhang Tingting, as subscriber's guarantor.

### **The Subscription Shares**

Pursuant to the terms and conditions of the Subscription Agreement, the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for, 845,250,000 Subscription Shares at the Subscription Price of HK\$0.034 per Subscription Share.

The number of 845,250,000 Subscription Shares represents:

- (a) approximately 20% of the issued share capital of the Company as at the date of this announcement; and
- (b) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issuance of the Subscription Shares upon Completion (assuming there will be no other change in the issued share capital of the Company between the date of this announcement and the Completion Date).

The aggregate nominal value of the Subscription Shares is HK\$8,452,500.

### **Ranking of the Subscription Shares**

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

## **The Subscription Price**

The Subscription Price of HK\$0.034 per Subscription Share represents:

- (a) a discount of approximately 19.0% to the closing price of HK\$0.042 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement;
- (b) a discount of approximately 18.7% to the average closing price of HK\$0.0418 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the date of the Subscription Agreement; and
- (c) a discount of approximately 19.8% to the average closing price of HK\$0.0424 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the date of the Subscription Agreement.

The Subscription Price was determined after arm's length negotiations between the Company and the Guarantor with reference to, among others, the prevailing trading prices and trading volume of the Shares, the lock-up undertakings given by the Subscriber and the Guarantor under the Subscription Agreement, the prevailing market conditions, the availability of alternative financing options (e.g. debt financing, placing of new Shares through placing agent(s) and rights issue) and the potential benefits referred to in the section headed "Reasons for and benefits of the Subscription" in this announcement.

The market value of the Subscription Shares is approximately HK\$35,500,500, based on the closing price of HK\$0.042 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement.

The aggregate Subscription Price of HK\$28,738,500 will be payable by the Subscriber to the Company at Completion.

The net proceeds from the Subscription, after deducting all related fees and expenses, are expected to be approximately HK\$28,500,000. The net price per Subscription Share, after deducting all such related fees and expenses, is therefore expected to be approximately HK\$0.0337 per Subscription Share.

## **Conditions**

Completion of the Subscription under the Subscription Agreement is conditional upon the satisfaction or waiver of the following Conditions:

- (a) the listing of and permission to deal in the Subscription Shares on the Main Board of the Stock Exchange having been granted by the Stock Exchange;

- (b) no relevant government, governmental, quasi-governmental, statutory or regulatory body, court or agency having granted any order or made any decision that restricts or prohibits the implementation of the Subscription;
- (c) the warranties given by the Subscriber and the Guarantor under the Subscription Agreement remaining true and not misleading in all respects at Completion; and
- (d) the warranties given by the Company under the Subscription Agreement remaining true and not misleading in all respects at Completion.

Except for the Conditions set forth in paragraphs (c) (which may be waived by the Company at its discretion) and (d) (which may be waived by the Subscriber at its discretion), the Conditions cannot be waived by any party.

If the Conditions are not fulfilled or waived (as applicable) on or before the date falling one month after the date of the Subscription Agreement, the Subscription Agreement shall terminate.

### **Completion**

Completion shall take place on the third Business Day after the fulfilment or waiver (as applicable) of all the Conditions or at such other date as the parties may agree.

### **Lock-up**

Pursuant to the Subscription Agreement, without the prior written consent of the Company:

- (a) for a six-month period commencing on the Completion Date, (i) the Subscriber shall not sell, offer to sell, contract or agree to sell, lend, grant or sell any option, warrant, contract or right to purchase, purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or otherwise create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly, or indirectly, conditionally or unconditionally, any Shares or other equity securities of the Company legally or beneficially held by it; or (ii) the Subscriber shall not enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Share or other equity securities of the Company held by it legally or beneficially; and

(b) so long as the Subscriber holds any Shares, (i) the Guarantor shall not cease to be the direct or indirect legal and beneficial owner of the Subscriber; or (ii) the Guarantor shall not sell, offer to sell, contract or agree to sell, lend, grant or sell any option, warrant, contract or right to purchase, purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any shares, securities, interests, investments or any rights in the Subscriber.

## **Guarantee**

Pursuant to the Subscription Agreement, the Guarantor shall guarantee the due and punctual performance of all the obligations and liabilities of the Subscriber under the Subscription Agreement.

## **GENERAL MANDATE**

The Subscription Shares will be allotted and issued under the General Mandate, which authorised the Directors to allot and issue up to 845,250,462 Shares. As at the date of this announcement, no Share has been allotted and issued under the General Mandate. Accordingly, the General Mandate is sufficient for the allotment and issuance of the Subscription Shares and therefore the Subscription is not subject to the approval of the Shareholders.

## **APPLICATION FOR LISTING**

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

## EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

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 upon Completion (assuming there will be no other change in the issued share capital of the Company between the date of this announcement and the Completion Date):

	(i) As at the date of this announcement		(ii) Immediately upon Completion	
	<i>Number of Shares held</i>	<i>Approximate % of total Shares in issue</i>	<i>Number of Shares held</i>	<i>Approximate % of total Shares in issue</i>
Mr. Yang Zhihui ( <i>Note 1</i> )	1,481,567,297	35.06%	1,481,567,297	29.21%
Ms. Lam Pauline ( <i>Note 2</i> )	910,934,000	21.55%	910,934,000	17.96%
Mr. Yao Jianhui ( <i>Note 3</i> )	221,910,000	5.25%	221,910,000	4.38%
The Subscriber	—	—	845,250,000	16.67%
Public Shareholders	<u>1,611,841,013</u>	<u>38.14%</u>	<u>1,611,841,013</u>	<u>31.78%</u>
<b>Total</b>	<u>4,226,252,310</u>	<u>100.00%</u>	<u>5,071,502,310</u>	<u>100.00%</u>

*Notes:*

- (1) Mr. Yang Zhihui holds 1,481,567,297 Shares indirectly through Landing International Limited (a company wholly-owned by Mr. Yang).
- (2) Ms. Lam Pauline holds 206,559,200 Shares directly and 704,374,800 Shares indirectly through Wealth Millennium Limited (a company wholly-owned by Ms. Lam).
- (3) Mr. Yao Jianhui holds 4,425,600 Shares directly and 217,484,400 Shares indirectly through Tinmark Development Limited (a company wholly-owned by Mr. Yao) and its subsidiaries.
- (4) Any discrepancies in the above table between totals and sums of figures are due to rounding.

## EQUITY FUND RAISING ACTIVITIES BY THE COMPANY IN THE PAST 12 MONTHS

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

## INFORMATION ON THE GROUP

The Company is an investment holding company and the principal activities of the Group are (i) development and operation of the integrated leisure and entertainment resort; (ii) operation of gaming and entertainment facilities; and (iii) property development.

## **INFORMATION ON THE SUBSCRIBER AND THE GUARANTOR**

The Subscriber is a company incorporated in the British Virgin Islands with limited liability and is an investment holding company directly wholly-owned by the Guarantor. The Guarantor is an individual investor and a real estate property owner of the Group's residential development situated in Jeju Shinhwa World, Jeju.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Subscriber and the Guarantor are third parties independent of the Company and its connected persons.

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

The Board is of the view that the Subscription represents an opportunity for the Company to broaden its Shareholder base and to upgrade the facilities in Jeju Shinhwa World, the core business of the Group as well as to strengthen the financial position of the Group.

The gross proceeds and the estimated net proceeds (after deduction of the relevant expenses and fees) from the Subscription will be HK\$28,738,500 and approximately HK\$28,500,000, respectively. The Company intends to use the net proceeds from the Subscription in the following manner: (i) approximately HK\$14,000,000 for upgrade, repair and maintenance of the existing building, equipment and facilities within Jeju Shinhwa World, an integrated leisure and entertainment resort located in Jeju Island, South Korea owned and operated by the Group; (ii) approximately HK\$10,000,000 for payment of interest expense; (iii) approximately HK\$4,500,000 for sales and marketing promotion and advertising expense; and (iv) the remaining balance, if any, for general working capital.

Having considered that the Subscription will raise additional capital for sustaining the operation of the Group's core business in Jeju Shinhwa World; and the issue of new Shares under the General Mandate is a more desirable financing option as compared with debt financing as it does not create any interest payment obligations which will have a negative impact on the gearing ratio of the Group, the Directors consider that the terms of the Subscription Agreement (including the Subscription Price), which are determined after arm's length negotiations between the Company and the Guarantor, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.



## RESUMPTION OF TRADING IN SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 4 March 2024 pending the release of this announcement. Application has been made by the Company for resumption of trading of the Shares on the Stock Exchange with effect from 9:00 a.m. on 5 March 2024.

## GENERAL

**As Completion of the Subscription Agreement is subject to fulfilment and/or waiver (as appropriate) of the Conditions, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or Sunday or days on which a tropical cyclone warning number 8 or above, a black rain warning signal and/or extreme conditions caused by a super typhoon as announced by the Government of Hong Kong is/are in force in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which Hong Kong clearing banks are open for the transaction of normal banking business
“Company”	Shin Hwa World Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 00582)
“Completion”	completion of the Subscription pursuant to the Subscription Agreement
“Completion Date”	the date on which Completion takes place
“Conditions”	the conditions precedent to Completion under the Subscription Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“Director(s)”	the director(s) of the Company
“Guarantor”	Zhang Tingting
“General Mandate”	the general mandate granted by the Shareholders to the Directors at the annual general meeting of the Company held on 20 June 2023, under which the Directors were authorised to allot, issue and deal with up to a maximum of 845,250,462 Shares (being 20% of the issued share capital of the Company at the date of the passing of the relevant resolution)
“Group”	the Company and its subsidiaries (from time to time)
“HK\$”	Hong Kong dollars, 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
“Shareholder(s)”	the holder(s) of the Shares
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Resplendence Investment Development Limited, a company incorporated in the British Virgin Islands with limited liability
“Subscription”	the subscription by the Subscriber for the Subscription Shares to be allotted and issued by the Company at the Subscription Price pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 1 March 2024 entered into between the Company, the Subscriber and the Guarantor in relation to the Subscription
“Subscription Price”	HK\$0.034 per Subscription Share

“Subscription Shares” 845,250,000 new Shares to be issued and allotted by the Company to the Subscriber pursuant to the Subscription Agreement

“%” per cent.

By order of the Board  
**Shin Hwa World Limited**  
**Chan Mee Sze**  
*Acting Chairperson and Executive Director*

Hong Kong, 4 March 2024

*As at the date of this announcement, the Board comprises Ms. Chan Mee Sze (Acting Chairperson), Dr. Wong Hoi Po and Mr. Huang Wei as executive Directors; and Mr. Li Chun Kei, Mr. Shek Lai Him Abraham and Mr. Du Peng as independent non-executive Directors.*

*In the case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.*