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INNOVAX HOLDINGS LIMITED

創陸控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2680)

- (1) CANCELLATION OF SHARE OPTIONS;
(2) PROPOSED SHARE CONSOLIDATION; AND
(3) PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR
EVERY TWO (2) CONSOLIDATED SHARES HELD ON THE RECORD DATE**

Financial Adviser



Placing Agent



CANCELLATION OF SHARE OPTIONS

The Board has approved and with consent of the relevant grantees to cancel 40,000,000 outstanding share options with effect from 26 September 2024 in accordance with the terms of the 2018 Share Option scheme.

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every ten (10) Existing Shares in the share capital of the Company be consolidated into one (1) Consolidated Share. The Share Consolidation is conditional upon, among other things, the approval by the Shareholders by way of poll at the EGM.

The existing board lot of 2,000 Shares will remain unchanged upon the Share Consolidation becoming effective.

Shareholders and potential investors of the Company should be aware of and take note that the Share Consolidation is conditional upon satisfaction of the conditions set out in the paragraph headed “Conditions of the Share Consolidation” in this announcement. Accordingly, the Share Consolidation may or may not proceed.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. If they are in any doubt, they should consult their professional advisers.

PROPOSED RIGHTS ISSUE

The Company proposes to raise gross proceeds of up to approximately HK\$12.0 million before expenses, by way of Rights Issue, by issuing up to 20,000,000 Rights Shares (assuming no further issue or repurchase of Shares on or before the Record Date and all the Rights Shares will be taken up) at the Subscription Price of HK\$0.60 per Rights Share on the basis of one (1) Rights Share for every two (2) Consolidated Shares held by the Qualifying Shareholders at the close of business on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Excluded Shareholders (if any).

The net proceeds from Rights Issue are estimated to be not more than approximately HK\$11.4 million (assuming no further issue or repurchase of Shares on or before the Record Date and all the Rights Shares will be taken up). The Company intends to apply the net proceeds from the Rights Issue as to (i) approximately HK\$5.7 million, representing 50.0% of the net proceeds, will be used for increasing capital for the expansion of the placing and underwriting business including expansion of service coverage to debt capital markets; (ii) approximately HK\$3.4 million, representing 30.0% of the net proceeds, will be used for increasing capital for the expansion of the fund management services; and (iii) approximately HK\$2.3 million, representing 20.0% of the net proceeds, will be used for general working capital of the Group.

Placing Agreement

The Company will make arrangements described in Rule 7.21(1)(b) of the Listing Rules to dispose of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by offering the Unsubscribed Rights Shares and the ES Unsold Rights Shares to independent Placees for the benefit of Shareholders to whom they were offered by way of the Rights Issue. Accordingly, on 26 September 2024 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent to place the Unsubscribed Rights Shares and the ES Unsold Rights to independent Placees on a best effort basis.

LISTING RULES IMPLICATIONS

As the proposed Rights Issue will not increase the number of issued Shares or the market capitalisation of the Company by more than 50% (on its own or when aggregated with any other rights issues or open offers announced by the Company (i) within the 12 month period immediately preceding the announcement of the proposed Rights Issue or (ii) prior to such 12 month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12 month period, together with any bonus securities, warrants or other convertible securities (assuming full conversion) granted or to be granted to Shareholders as part of such rights issues or open offers) and the Rights Issue is not underwritten by a Director, chief executive or substantial shareholder of the Company (or any of their respective close associates), the Rights Issue is not conditional upon approval by the Shareholders.

The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

GENERAL

The EGM will be held to consider and, if thought fit, pass the resolutions to approve, among other things, the Share Consolidation.

A circular containing, among other things, (i) further details of the Share Consolidation; and (ii) a notice convening the EGM, is expected to be despatched to the Shareholders on or before Tuesday, 8 October 2024.

Subject to the fulfilment of the 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 on or before Wednesday, 6 November 2024. The Company will despatch the Prospectus (without the PAL(s)) to the Excluded Shareholders (if any) for their information purpose only to the extent permitted under the relevant laws and regulations and reasonably practicable.

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

Shareholders and potential investors of the Company should note that the Rights Issue is subject to fulfilment of conditions including, 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. Any dealing in the Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled, and 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. Shareholders or other persons contemplating any dealing in the Shares and/or Rights Shares in their nil-paid form are recommended to consult their professional advisers.

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

CANCELLATION OF SHARE OPTIONS

Reference is made to the announcement of the Company dated 9 March 2022 in relation to the grant of share options (the “**Share Options**”) to subscribe for the ordinary shares of HK\$0.01 each in the share capital of the Company in accordance with the share option scheme adopted by the Company on 24 August 2018 (the “**2018 Share Option Scheme**”).

As approved by the Board (including the approval of the independent non-executive Directors) and with the consent of the relevant grantees, all the following 40,000,000 outstanding share options (the “**Cancelled Share Options**”) granted to Directors, two directors of a subsidiary and certain employees of the Company were cancelled with effect from 26 September 2024 (the “**Cancellation of Share Options**”) in accordance with the terms of the 2018 Share Option Scheme:

Date of Grant	Exercise price (HK\$)	Outstanding balance of Share Options immediately before the Cancellation of Share Options	No. of Cancelled Share Options	Outstanding balance of Share Options (all are vested) immediately after the Cancellation of Share Options
9 March 2022	0.324	<u>40,000,000</u>	40,000,000	<u>0</u>
		<u>40,000,000</u>		<u>0</u>

In view of the recent performance of the share price of the Shares and the exercise prices of all the Cancelled Share Options are much higher than the recent market prices of the Shares, the Board considered that the Cancelled Share Options no longer serves the purpose of providing incentives or rewards to the grantee for contribution to the Group.

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every ten (10) Existing Shares in the share capital of the Company be consolidated into one (1) Consolidated Share.

Effect of the Share Consolidation

As at the date of this announcement, the authorised share capital of the Company amounted to HK\$10,000,000 divided into 1,000,000,000 ordinary Shares of HK\$0.01 each, of which 400,000,000 Existing Shares had been allotted and issued as fully paid or credited as fully paid. Assuming that no further Existing Shares are issued or repurchased from the date of this announcement until the effective date of the Share Consolidation, immediately after the Share Consolidation becoming effective, the authorised share capital of the Company will become HK\$10,000,000 divided into 100,000,000 ordinary Shares of HK\$0.1 each, of which 40,000,000 Consolidated Shares will be in issue which are fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank *pari passu* in all respects with each other.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation of the Share Consolidation will not alter the underlying assets, business operations, management or financial position of the Group or the proportionate interests or rights of the Shareholders, save that any fractional Consolidated Shares will not be allocated to Shareholders who may otherwise be entitled and the necessary professional expenses for the implementation of the Share Consolidation.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the fulfilment of the following conditions:

- (i) the passing of an ordinary resolution by the Shareholders by way of poll to approve the Share Consolidation at the EGM;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective; and

(iii) the compliance with all relevant procedures and requirements under the applicable laws of the Cayman Islands and the Listing Rules to effect the Share Consolidation.

None of the above conditions can be waived and the Share Consolidation will become effective on the second Business Day after the fulfilment of the above conditions of the Share Consolidation, which is expected to be on or about Friday, 25 October 2024.

Application for listing of the Consolidated Shares

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by the 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. All necessary arrangements will be made by the Company for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

Fractional entitlement to the Consolidated Shares

Fractional Consolidated Shares, if any, will be disregarded and will not be issued to the Shareholders but will be aggregated (rounded down to the nearest whole number) and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of existing share certificates held by such holder.

Shareholders concerned about losing out on any fractional entitlement are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser and may wish to consider the possibility of buying or selling Shares in a number sufficient to make up an entitlement to receive a whole number of Consolidated Shares.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Share Consolidation, a designated broker will be appointed by the Company to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the matching services will be provided in the circular of the Company to be despatched to the Shareholders.

Holders of odd lots of the Consolidated Shares should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Any Shareholder, who is in any doubt about the odd lots trading arrangement, is recommended to consult his/her/its own professional advisers.

Shareholders or potential investors of the Company should note that (i) odd lots will be created after the Share Consolidation; (ii) odd lots arrangements do not guarantee successful matching of all odd lots at the relevant market price; and (iii) odd lots might be sold below the market price in the market.

Exchange of share certificates

Subject to the Share Consolidation having become effective, Shareholders may, during the specified period expected to be from Friday, 25 October 2024 to Monday, 2 December 2024 (both days inclusive), submit share certificates for Existing Shares to the Company's share registrar in Hong Kong, to exchange, at the expense of the Company, for new share certificates for the Consolidated Shares.

Thereafter, share certificates for Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may be allowed by the Stock Exchange from time to time) by Shareholders for each share certificate for Existing Shares submitted for cancellation or each new share certificate issued for Consolidated Shares, whichever number of share certificates cancelled/issued is higher.

The existing share certificates will only be valid for delivery, trading and settlement purposes for the period up to 4:10 p.m. on Thursday, 28 November 2024, and thereafter will not be accepted for delivery, trading and settlement purposes. However, the existing share certificates will continue to be good evidence of title to the Consolidated Shares on the basis of ten (10) Existing Shares for one (1) Consolidated Share. The new share certificates for the Consolidated Shares will be issued in yellow colour in order to distinguish them from the share certificates for the Existing Shares which are in green colour.

Other securities of the Company

As at the date of this announcement, the Company does not have any other derivatives, options, warrants, other securities or conversion rights or other similar rights which are convertible or exchangeable into, any Existing Shares or Consolidated Shares, as the case may be.

Shareholders' approval

The Share Consolidation is conditional upon approval by the Shareholders by way of poll at the EGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Shareholders or their associates has any interest in the Share Consolidation, and no Shareholder will be required to abstain from voting in favour of the resolution approving the Share Consolidation at the EGM.

REASONS FOR THE SHARE CONSOLIDATION

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with consolidation or splitting of its securities. Further, the "Guide on Trading Arrangements for Selected Types of Corporate Actions" issued by the Hong Kong Exchanges and Clearing Limited has further stated that (i) the market price of the shares at a level less than HK\$0.10 each will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

Based on the closing price of HK\$0.184 per Existing Share as at the date of this announcement, and the theoretical ex-rights price as adjusted for the effect of the Rights Issue of approximately HK\$0.1464 per Existing Share (calculated based on the benchmarked price (as defined under Rule 7.27B of the Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.184 per Existing Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the date of this announcement of approximately HK\$0.1896 per Existing Share) of HK\$0.1896 per Existing Share), the value per board lot of 2,000 Existing Shares is HK\$368 and HK\$292, respectively, which is less than HK\$2,000. The Directors consider that the Share Consolidation will bring about a corresponding upward adjustment in the trading price per Consolidated Share on the Stock Exchange. With the view to complying with the trading requirements under the Listing Rules and facilitating the Rights Issue (as will be elaborated below), the Board resolved to propose the Share Consolidation, which will result in the theoretical ex-rights price as adjusted for the effect of the Rights Issue of approximately HK\$1.464 per Consolidated Share and HK\$2,928 per board lot of 2,000 Consolidated Shares.

Furthermore, the Share Consolidation would reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction cost for each securities trade. It is also intended that the Share Consolidation can make investing in the Shares more attractive to a broader range of investors, in particular to institutional investors whose house rules might otherwise prohibit or restrict trading in securities that are priced below a prescribed floor, and thus help to further broaden the shareholder base of the Company.

In view of the above reasons, the Company considers the Share Consolidation are justifiable notwithstanding the potential costs and impact arising from the creation of odd lots to Shareholders. Accordingly, the Board is of the view that the Share Consolidation is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Other corporate actions and fundraising activities in the next 12 months

As at the date of this announcement, save for the Rights Issue as set out in this announcement, the Company has no intention to carry out other corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Share Consolidation, and the Company does not have any substantive agreement, arrangement, understanding, intention, or negotiation (either concluded or in process) to conduct any fund-raising activities which will involve issue of equity securities of the Company. However, the Board cannot rule out the possibility that the Company will conduct debt and/or equity fund raising exercises when suitable fund-raising opportunities arise in order to support future development of the Group. The Company will make further announcement in this regard in accordance with the Listing Rules as and when appropriate.

WARNING

Shareholders and potential investors of the Company should be aware of and take note that the Share Consolidation is conditional upon satisfaction of the conditions set out in the paragraph headed “Conditions of the Share Consolidation” in this announcement. Accordingly, the Share Consolidation may or may not proceed.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. If they are in any doubt, they should consult their professional advisers.

PROPOSED RIGHTS ISSUE

The Board proposes the Rights Issue, details of which are summarised below:

Issue statistics

Basis of the Rights Issue:	One (1) Rights Share (in nil-paid form) for every two (2) Consolidated Shares held by the Qualifying Shareholders at the close of business on the Record Date
Subscription price:	HK\$0.60
Net price per Rights Share (i.e. Subscription Price less estimated expenses incurred in relation to the Rights Issue):	HK\$0.57
Number of Existing Shares in issue as at the date of this announcement:	400,000,000 Existing Shares
Number of Consolidated Shares in issue upon the Share Consolidation becoming effective:	40,000,000 Consolidated Shares (assuming no further issue or repurchase of Shares up to the effective date of the Share Consolidation)
Number of Rights Shares to be issued pursuant to the Rights Issue:	Up to 20,000,000 Rights Shares (assuming no further issue or repurchase of Shares on or before the Record Date)
Aggregate nominal value of the Rights Shares:	Up to HK\$2,000,000 (assuming no further issue or repurchase of Shares on or before the Record Date)
Number of Consolidated Shares in issue upon completion of the Rights Issue (assuming that the Rights Issue is fully subscribed):	Up to 60,000,000 Consolidated Shares (assuming no further issue or repurchase of Shares on or before the Record Date other than Rights Shares)

Gross proceeds from the Rights Issue: Up to HK\$12,000,000 (assuming no further issue or repurchase of Shares on or before the Record Date and all the Rights Shares will be taken up)

As at the date of this announcement, the Group had no outstanding derivatives, options, warrants, convertible or exchangeable securities carrying rights to subscribe for, convert or exchange into Shares.

Assuming that there will not be any further issue of new Shares or repurchase of Shares on or before the Record Date, the 20,000,000 Rights Shares to be issued pursuant to the terms of the proposed Rights Issue represents approximately 50.0% of the total number of issued Consolidated Shares upon the Share Consolidation becoming effective and approximately 33.3% of the total number of issued Consolidated Shares upon the Share Consolidation becoming effective and as enlarged by the allotment and issue of the Rights Shares (assuming all the Rights Shares will be taken up).

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. In the event that the Rights Issue is not fully subscribed, the Rights Shares not taken up by the Qualifying Shareholders will be placed to independent Places under the Compensatory Arrangements. The Unsubscribed Rights Shares and ES Unsold Rights Shares which remain not placed under 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. There is also no statutory requirement regarding minimum subscription level in respect of the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, the Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s), or transferees of nil-paid Rights Shares (or either of them, whichever shall be appropriate), may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code or may result in the non-compliance by the Company of the Public Float Requirement. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which (i) does 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; and or (ii) does not result in the non-compliance of the Public Float Requirement on the part of the Company. Any subscription monies for the Scale-down PAL Shares will be refunded to the applicants.

Undertaking

As at the date of this announcement, the Company has not received any information or undertaking from any Shareholder of their intention as to whether such Shareholder will take up his/her entitlements under the Rights Issue.

Subscription Price

The Subscription Price is HK\$0.60 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of the Rights Shares or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 67.39% to the theoretical closing price of HK\$1.84 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.184 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 68.35% to the theoretical average of the closing price of HK\$1.896 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of HK\$0.1896 per Existing Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 70.13% to the theoretical average of the closing price of approximately HK\$2.009 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of HK\$0.2009 per Existing Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 59.02% to the theoretical ex-rights price of approximately HK\$1.464 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the theoretical benchmarked price of approximately HK\$1.896 per Consolidated Share (after taking into account the effect of the Share Consolidation) (as defined under Rule 7.27B of the Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.184 per Existing Share and the average closing prices of approximately HK\$0.1896 per Existing Share as quoted on the Stock Exchange for the last five (5) consecutive trading days immediately prior to the date of this announcement);
- (v) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of a discount of approximately 22.78%, represented by the theoretical diluted price of approximately HK\$1.464 per Consolidated Share (after taking into account the effect of the Share Consolidation) to the theoretical benchmarked price of HK\$1.896 per Consolidated Share; and

(vi) a discount of approximately 88.59% to the audited consolidated net asset value per Consolidated Share of approximately HK\$5.26 as at 29 February 2024 (based on the latest published audited consolidated net asset value attributable to Shareholders of approximately HK\$210,489,000 and 40,000,000 Consolidated Shares in issue upon the Share Consolidation becoming effective).

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

In determining the Subscription Price, which represents a discount of approximately 67.39% to the theoretical closing price of HK\$1.84 per Consolidated Share based on the closing price of HK\$0.184 per Existing Share as quoted on the Stock Exchange on the Last Trading Day, the Directors have considered, among other things as mentioned above, market price of the Shares traded on the Stock Exchange in the past three months prior to and including the Last Trading Day (the “**Relevant Period**”), as a benchmark to reflect the prevailing market conditions and recent market sentiment. During the Relevant Period, the Shares were traded on the Stock Exchange with an average closing price of approximately HK\$0.307 per Existing Share. The Subscription Price of HK\$0.60 per Rights Share represents a discount of approximately 80.47% to the theoretical average closing price of approximately HK\$3.07 per Consolidated Share based on the average closing price of approximately HK\$0.307 per Existing Shares for the Relevant Period. In addition, during the Relevant Period, the daily closing price of the Existing Shares demonstrated a general downward trend from HK\$0.38 per Existing Share on 27 June 2024 to HK\$0.184 per Existing Share on the Last Trading Day with an average daily trading volume amounting to approximately 0.004% of the issued Existing Shares as at the Last Trading Day, indicating a lack of liquidity and demand for the Existing Shares. Furthermore, the Existing Share has been trading substantially below the net assets value of the Company (based on the average closing price of HK\$0.307 per Existing Share during the Relevant Period and the latest published audited consolidated net asset value attributable to Shareholders per Existing Share of approximately HK\$0.526 as at 29 February 2024).

In view the above and having considered (i) all Qualifying Shareholders are provided with an equal opportunity to subscribe for their assured entitlements under the Rights Issue at a relatively low price as compared to the historical market price of the Shares and at a discount to the recent closing prices of the Shares; (ii) the discount of the Subscription Price will encourage the Qualifying Shareholders to participate in the Rights Issue and the future growth of the Group; and (iii) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue are able to sell the nil-paid Rights Shares in the market. As such, despite any potential dilution impact of the Rights Issue on the shareholding interests of the Shareholders, the Directors consider that 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.

Status of the Rights Shares

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

Qualifying Shareholders

The Rights Issue will only be available to the Qualifying Shareholders and will not be available to the Excluded Shareholders on the Record Date. Subject to the Share Consolidation having become effective and 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 Prospectus Posting Date. The Company will, to the extent permitted under the relevant laws and regulations and reasonably practicable, despatch the Prospectus (without the PAL) to the Excluded Shareholders (if any) for their information only.

To qualify for the Rights Issue, a Shareholder:

- (i) must be registered as a member of the Company at the close of business on the Record Date; and
- (ii) is not an Excluded Shareholder.

Shareholders whose Shares are held by nominee companies (or which are deposited in CCASS) should note that the Board will regard a nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies (or which are deposited in CCASS) are advised to consider whether they would like to arrange for 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 prior to the close of business on the Record Date so as to qualify for the Rights Issue, any transfer of Shares (together with the relevant share certificates) must be lodged with the Company's share registrar in Hong Kong, at for registration no later than 4:30 p.m. on Tuesday, 29 October 2024.

It is expected that the last day of dealing in the Shares on a cum-rights basis is Friday, 25 October 2024 and the Shares will be dealt with on an ex-rights basis from Monday, 28 October 2024. The latest time for acceptance of and payment for the Rights Shares and application for and payment for the Rights Shares is expected to be at 4:00 p.m. on Wednesday, 20 November 2024.

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 any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

Closure of register of members

The register of members of the Company will be closed from Wednesday, 30 October 2024 to Tuesday, 5 November 2024, both days inclusive, for determining the Shareholders' entitlement to the Rights Issue. No transfer of Shares will be registered during the above book closure period.

Rights of Overseas Shareholders (if any)

The Prospectus Documents to be issued in connection with the Rights Issue will not be registered or filed 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.

According to the register of members of the Company currently available to the Company, as well as to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Company does not have any Overseas Shareholders.

The Board will take steps to ascertain whether there are any Overseas Shareholders as at the Record Date. The Board will comply with Rule 13.36 of the Listing Rules and make necessary enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders (if any) under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If, based on legal advice, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to any Overseas Shareholders on account either of the legal restrictions under the laws of the place(s) of their registered address(es) or the requirements of the relevant overseas regulatory bod(ies) or stock exchange(s) in such place(s), no provisional allotment of the nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders. In such circumstances, the Rights Issue will not be extended to the Excluded Shareholders. The basis for excluding the Excluded Shareholders (if any) from the Rights Issue will be set out in the Prospectus to be issued.

The Company will send the Prospectus to the Excluded Shareholders for their information only but will not send the PALs to them.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders in their nil-paid form to be sold in the market as soon as practicable after dealings in the nil-paid Rights Shares commence and in any event before the last day for dealings in nil-paid Rights Shares if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses and stamp duty, will be paid pro-rata (rounded down to the nearest cent) to the relevant Excluded Shareholders in Hong Kong dollars. In view of the administrative costs, the Company will retain individual amounts of less than HK\$100 for its own benefit.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2)(a) of the Listing Rules. 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, the Overseas Shareholders should exercise caution when dealing in the Shares.

Procedures in respect of the Unsubscribed Rights Shares and the ES Unsold Rights Shares, and the Compensatory Arrangements

The Company will make arrangements described in Rule 7.21(1)(b) of the Listing Rules to dispose of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by offering the Unsubscribed Rights Shares and the ES 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 as stipulated under Rule 7.21(1)(a) of the Listing Rules.

The Company has therefore appointed the Placing Agent to place the Unsubscribed Rights Shares and the ES Unsold Rights Shares after the Latest Time for Acceptance to independent Placees on a best effort basis, and 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 from the Placing will be paid to the No Action Shareholders and Excluded Shareholders on a pro-rata basis. The Placing Agent will, on a best effort basis, procure, by not later than 4:00 p.m. on Monday, 2 December 2024, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and the ES Unsold Rights Shares at a price not less than the Subscription Price. Any Unsubscribed Rights Shares and the ES Unsold Rights Shares which are not placed under the Compensatory Arrangements 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 a pro-rata basis (based on all Unsubscribed Rights Shares and ES Unsold Rights Shares) to the No Action Shareholders and Excluded Shareholders (but rounded down to the nearest cent) as set out below:

- (i) the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for; and
- (ii) the relevant Excluded Shareholders with reference to their shareholdings in the Company on the Record Date.

It is proposed that Net Gain of HK\$100 or more to the individual No Action Shareholder mentioned above will be paid to them in Hong Kong Dollars only and the Company will retain individual amount 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 Excluded Shareholders may or may not receive any Net Gain.

Basis of provisional allotments

The Rights Shares will be allotted on the basis of one (1) Rights Share for every two (2) Consolidated Shares in issue and held by the Qualifying Shareholders at the close of business on the Record Date. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for with the Company's share registrar in Hong Kong on or before the Latest Time for Acceptance. Any holdings (or balance of holdings) of less than two (2) Consolidated Shares will not entitle their holders to be provisionally allotted a Rights Share. Please refer to the arrangement as referred to in the section headed "Fractional entitlements to the Rights Shares" below.

Fractional entitlements to the Rights Shares

The Company will not provisionally allot and will not accept application for any fractions of the Rights Shares. All fractions of the Rights Shares will be aggregated (and rounded down to the nearest whole number of a Share) and sold by the Company in the open market if a premium (net of expenses) can be obtained. Any of the Rights Shares remain unsold in the market will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Share certificates of the Rights Shares and refund cheques for the Rights Issue

Subject to fulfilment of the conditions of the Rights Issue, (i) share certificates for all fully-paid Rights Shares and (ii) refund cheques (if the Rights Issue does not proceed) are expected to be posted to those entitled thereto by ordinary post to their registered address, at their own risks, on or before Friday, 6 December 2024.

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 the Overseas Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares otherwise falling to be issued to them under the Rights Issue under the laws of jurisdictions in which they are liable to taxation. It is emphasised that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Shares or the Rights Shares.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. Nil-paid Rights Shares are expected to be traded in same board lot size as the Shares, i.e., 2,000 Shares in one board lot. No part of the securities of the Company in issue or for which listing or permission to deal is being or is proposed to be sought is listed or dealt in or on any other stock exchange.

Stamp duty and other applicable fees

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

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and the permission to deal in, the Rights Shares (in both their 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 their 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 respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange, or such other dates as 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 trading 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 other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests if they are in any doubt.

Odd lots arrangements and matching services

To alleviate the difficulties in trading odd lots of the Shares arising from the Rights Issue, a designated broker will be appointed to provide matching services to the Shareholders who wish to top up or sell their holdings of odd lots of the Shares during the period from 9:00 a.m. on Friday, 8 November 2024 to 4:00 p.m. on Thursday, 28 November 2024 (both days inclusive). Holders of the Shares in odd lots should note that successful matching of the sale and purchase of odd lots of the Shares is not guaranteed. The Shareholders are recommended to consult their professional advisers if they are in doubt about the above facility. Further details in respect of the odd lots arrangement will be set out in the Prospectus.

THE PLACING AGREEMENT

On 26 September 2024 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed as agent of the Company (either by itself or through its sub-placing agents) to procure independent Placees, on a best effort basis, to subscribe for the Unsubscribed Rights Shares and the ES Unsold Rights Shares. Details of the Placing Agreement are as follows:

Date: 26 September 2024 (after trading hours)

Issuer: The Company

Placing Agent: Innovax Securities Limited

The Placing Agent is a wholly-owned subsidiary of the Company

Fees and expenses:	1.0% of the amount which is equal to the placing price multiplied by the Unsubscribed Rights Shares and the ES Unsold Rights Shares that are successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement and reimbursed for the expenses in relation to the Placing, which the Placing Agent is authorised to deduct from the payment to be made by the Placing Agent to the Company at completion.
Placing price of the Unsubscribed Rights Shares and the ES Unsold Rights Shares:	The placing price of the Unsubscribed Rights Shares and the ES Unsold Rights Shares shall be at least equal to the Subscription Price. The final price is dependent on the demand and market conditions of the Unsubscribed Rights Shares and the ES Unsold Rights Shares during the process of placement.
Places:	The individuals, corporate, institutional investors or other investors procured by the Placing Agent and/or its sub-placing agents to subscribe for the Unsubscribed Rights Shares and the ES Unsold Rights Shares.
Ranking of the Unsubscribed Rights Shares and ES Unsold Rights Shares:	The Unsubscribed Rights Shares and ES Unsold Rights Shares (when placed, allotted, issued and fully paid) shall rank <i>pari passu</i> in all respects among themselves and with the Shares then in issue.
Termination:	<p>The Placing shall end on Tuesday, 3 December 2024 or any other date by mutual written agreement between the Placing Agent and the Company.</p> <p>The Placing Agent shall be entitled by notice in writing to the Company given prior to 5:00 p.m. on Tuesday, 3 December 2024 to terminate the Placing Agreement if any of the following events occur:</p> <ul style="list-style-type: none">(i) any material breach of any of the representatives and warranties by the Company under the Placing Agreement;(ii) any suspension in the trading of the Shares on the Stock Exchange due to exceptional financial circumstances;

- (iii) any force majeure occurrence which would be likely to result in the Company and the Placing Agent being unable to fulfill their respective duties and responsibilities under the Placing Agreement;
- (iv) any material adverse change in the business and operational environment in the Company which, in the sole opinion of the Placing Agent, may make them inadvisable to continue the engagement.

Conditions precedent:

The obligations of the Placing Agent and the Company under the Placing Agreement are conditional upon, among others, the following conditions being fulfilled (or being waived by the Placing Agent in writing, if applicable):

- (i) the Share Consolidation becoming effective;
- (ii) the Listing Committee granting the approval for the listing of, and the permission to deal in, the Rights Shares (including the Unsubscribed Rights Shares and ES Unsold Rights Shares);
- (iii) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect if it was repeated as at the time of completion; and
- (iv) the Placing Agreement not having been terminated in accordance with the provisions thereof.

The conditions precedent (i), (ii) and (iv) above shall not be waived by any party to the Placing Agreement, while the condition precedent (iii) above may be waived by the Placing Agent (but not by the Company) unilaterally in writing to the Company at any time prior to 5:00 p.m. on Tuesday, 3 December 2024. In the event any of the conditions precedent above not having been satisfied or fulfilled (or waived in accordance with the foregoing provisions of this paragraph) on or before 5:00 p.m. on Tuesday, 3 December 2024 (or such later date as may be agreed between the parties in writing), all rights, obligations and liabilities of the respective parties shall cease and terminate and no party shall have any claim against the other party save for any antecedent breach of the Placing Agreement prior to such termination.

Completion: Placing completion shall take place on Friday, 6 December 2024 or such other date as the Company and the Placing Agent may agree in writing.

The Placing Agent shall ensure that the Unsubscribed Rights Shares and ES Unsold Rights Shares are placed (i) only to institutional, corporate or individual investors who and whose ultimate beneficial owners shall be Independent Third Parties; (ii) such that no Placee shall become a substantial Shareholder immediately following the Placing; (iii) such that the Placing will not have any implication under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing; and (iv) such that the Placing will not result in the Company incapable of complying with the Public Float Requirement under the Listing Rules immediately following the Placing.

The Company will continue to comply with the Public Float Requirement and the Placing will not have any implication under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing. The engagement between the Company and the Placing Agent for the placing of the Unsubscribed Rights Shares and ES Unsold Rights Shares was determined after arm's length negotiations between the Placing Agent and the Company and is on normal commercial terms with reference to the market comparables, the existing financial position of the Group, the size of the Rights Issue, and the market conditions. The Board considers the terms of the Placing for the Unsubscribed Rights Shares and ES Unsold Rights Shares (including the commission payable) are on normal commercial terms.

Given that the Compensatory Arrangements would provide (i) a distribution channel of the Unsubscribed Rights Shares and ES Unsold Rights Shares; and (ii) a compensatory mechanism for No Action Shareholders and the Excluded Shareholders, 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.

Conditions of the Rights Issue

The Rights Issue is conditional upon:

- (i) the passing by the Shareholders at the EGM of an ordinary resolution to approve the Share Consolidation by no later than the Prospectus Posting Date;
- (ii) the Share Consolidation having become effective no later than the Prospectus Posting Date;
- (iii) the electronic delivery to the Stock Exchange for authorisation and registration with the Companies Registry in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorized in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) in compliance with the Companies (WUMP) Ordinance and the Listing Rules by no later than the Prospectus Posting Date;
- (iv) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus to the Excluded Shareholders, if any, for information purpose only on or before the Prospectus Posting Date;
- (v) the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked, listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms;
- (vi) the Placing Agreement not being terminated; and
- (vii) the Company having complied with the requirements under all applicable laws and regulations.

None of the above conditions can be waived. The Company shall use all reasonable endeavours to procure the fulfilment of all the above conditions by the respective dates specified above. If any of the conditions referred to above are not fulfilled at or before the Latest Time for Termination, the Rights Issue will not proceed.

SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Share Consolidation; (iii) immediately after completion of the Share Consolidation and the Rights Issue, assuming all Rights Shares are subscribed by the Qualifying Shareholders; and (iv) immediately after completion of the Share Consolidation and the Rights Issue, assuming no Qualifying Shareholder takes up any of the Rights Shares and all Unsubscribed Rights Shares and ES Unsold Rights Shares have been placed by the Placing Agent:

	As at the date of this announcement		Immediately after the completion of Share Consolidation		Immediately after Share Consolidation and completion of the Rights Issue		Assuming all Rights Shares are subscribed by the Qualifying Shareholders		Assuming no Qualifying Shareholder takes up any of the Rights Shares and all Unsubscribed Rights Shares and ES Unsold Rights Shares have been placed by the Placing Agent	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
BSI	300,000,000	75.00	30,000,000	75.00	45,000,000	75.00	30,000,000	50.00		
Public Shareholders	100,000,000	25.00	10,000,000	25.00	15,000,000	25.00	10,000,000	16.67		
Placeses (Note 1)	-	-	-	-	-	-	20,000,000	33.33		
Total	400,000,000	100.00	40,000,000	100.00	60,000,000	100.00	60,000,000	100.00		

Notes:

- Pursuant to the Placing Agreement, the Placing Agent shall ensure that the Unsubscribed Rights Shares and ES Unsold Rights Shares are placed (i) only to institutional, corporate or individual investors who and whose ultimate beneficial owners shall be Independent Third Parties; (ii) such that no Placee shall become a substantial Shareholder immediately following the Placing; (iii) such that the Placing will not have any implication under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing; and (iv) such that the Placing will not result in the Company incapable of complying with the Public Float Requirement under the Listing Rules immediately following the Placing. Therefore, the Unsubscribed Rights Shares and ES Unsold Rights Shares will form part of the public float of the Company.
- The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.

REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS

The Group is an integrated financial and securities services provider. Its services cover corporate finance advisory services including (i) IPO sponsorship services; (ii) financial and independent financial advisory services; and (iii) compliance advisory services, placing and underwriting services, dealing and brokerage services for securities trading and futures contracts trading, securities financing services, research services, asset management services and money lending services.

In recent years, Hong Kong financial market was full of uncertainties and challenges. The interest rate hikes, continuing geopolitical tensions and other macro challenges marked a difficult period with investors taking more cautious approach under the weak market sentiment. Therefore, the Group recorded net losses of approximately HK\$22.5 million and HK\$6.6 million for the two years ended 28 February 2023, respectively, and a thin net profit of approximately HK\$1.8 million for the year ended 29 February 2024. In addition, the Group is expected to record a loss attributable to owners of the Company in a range of approximately HK\$20 million to approximately HK\$25 million for the six months ended 31 August 2024, as compared to the profit of the corresponding period in 2023 of approximately HK\$9.3 million.

As the US Federal Reserve announced to lower its benchmark interest rate in September 2024 indicating the end of hiking cycle, investor sentiment has improved. The Hong Kong's initial public offering (IPO) market has shown signs of gradual recovery with over 100 new applications so far this year. To maintain sustainable growth and capture business opportunities as a result of recovery of market sentiment, the Group intends to (i) expand its placing and underwriting service by undertaking more equity placing and underwriting projects at one time, taking up underwriting commitment of projects with a larger fund-raising scale and expanding coverage to debt capital market and (ii) expand its fund management service by setting up new investment funds.

According to the unaudited management account of the Group, the cash and bank balances were around HK\$80.0 million as at 31 August 2024 and such cash resources are not idle. Based on the current business plan, the Group intends to apply:

- (i) approximately HK\$30.0 million (inclusive of HK\$5.7 million of the net proceeds of the Rights Issue) to expand the placing and underwriting business. According to the 23/24 Annual report, the number of completed placing and underwriting projects increased from five for the year ended 28 February 2023 to 12 for the year ended 29 February 2024. As the placing and underwriting service is capital intensive, with improving market sentiment, the Group needs to earmark sufficient financial resources before committing to any underwriting obligations to capture business opportunities from time to time;
- (ii) approximately HK\$30.0 million to securities financing business;

- (iii) approximately of HK\$20.0 million (inclusive of HK\$3.4 million of the net proceeds of the Rights Issue) as maximum sum of seed money for four new investment funds. The Group plans to expand the fund management services by setting up venture capital fund, hedge fund, pre-IPO fund and private equity fund by the end of 2024; and
- (iv) approximately HK\$10.0 million (inclusive of HK\$2.3 million of the net proceeds of the Rights Issue) to general working capital.

In view of the abovementioned business expansion plan and the unsatisfactory financial performance over the past few years, the Directors consider that it is commercially reasonable and justifiable to obtain external financing to develop and expand its business with a view to achieving improvement of the Group's financial performance and future business prospects.

The expenses in relation to the Rights Issue are estimated to be approximately HK\$0.6 million and will be payable by the Company.

The net proceeds from the Rights Issue are estimated to be not more than approximately HK\$11.4 million (assuming no further issue or repurchase of Shares on or before the Record Date and all the Rights Shares will be taken up). The Company intends to apply such net proceeds for the following purposes:

- (i) approximately HK\$5.7 million, representing 50.0% of the net proceeds, will be used for increasing capital for the expansion of the placing and underwriting business including expansion of service coverage to debt capital markets;
- (ii) approximately HK\$3.4 million, representing 30.0% of the net proceeds, will be used for increasing capital for the expansion of the fund management service; and
- (iii) approximately HK\$2.3 million, representing 20.0% of the net proceeds, will be used for general working capital of the Group.

The Rights Issue will proceed irrespective of the level of acceptance of provisionally allotted Rights Shares. In the event that there is an under-subscription of the Rights Issue, the net proceeds of the Rights Issue will be allocated and utilised in accordance with the same proportion to the above uses.

Besides the Rights Issue, the Directors have considered other fundraising methods available to the Group, including debt financing such as bank borrowings, and other equity financing such as placing or subscription of new Shares or open offer. In respect of debt financing, the Directors are of the view that the Group does not have material fixed assets which are satisfactory to the banks to be served as collaterals. Therefore, debt financing may not be achievable on favourable terms in a timely manner or may require pledge of other kinds of assets or securities which may reduce the Group's flexibility. In respect of equity financing, the Directors are of the view that placing or subscription of new Shares would dilute the shareholding of the existing Shareholders without giving the chance to the existing Shareholders to participate. The Directors consider that rights issue would be more attractive and flexible to the Shareholders than open offer because the Shareholders would have a choice to sell their entitled nil-paid Rights when they do not wish to participate in the Rights Issue.

Given the above, the Directors are of the view that the Rights Issue will allow the Group to strengthen its capital structure to support its business operation and development, without incurring additional debt financing cost. Furthermore, the Rights Issue will afford the Qualifying Shareholders the equal opportunity to subscribe for their respective pro rata provisional entitlement to the Rights Shares and hence avoid dilution of their shareholding interests in the Company. Therefore, the Directors are of the view that the Rights Issue is in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

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

EXPECTED TIMETABLE

The expected timetable for the Share Consolidation and the Rights Issue set out below is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled. The expected timetable is subject to change, and any such change will be further announced by the Company as and when appropriate.

Event	Time and Date (Hong Kong time)
Publication of this announcement	Thursday, 26 September 2024
Expected despatch date of circular together with notice and form of proxy for the EGM	Tuesday, 8 October 2024
Latest time and date for lodging transfers document in order to qualify for attendance and voting at the EGM	4:30 p.m. on Wednesday, 16 October 2024
Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the EGM (both days inclusive)	Thursday, 17 October 2024 to Wednesday, 23 October 2024
Latest time and date for lodging forms of proxy for the EGM	3:00 p.m. on Monday, 21 October 2024
Record date for determining attendance and voting at the EGM	Wednesday, 23 October 2024
Expected date and time of the EGM	3:00 p.m. on Wednesday, 23 October 2024
Announcement of poll results of the EGM	Wednesday, 23 October 2024
Register of members of the Company re-opens	Thursday, 24 October 2024

Event**Time and Date
(Hong Kong time)**

The following events are conditional on the fulfilment of the conditions relating to the implementation of the Share Consolidation and the Rights Issue and therefore the dates are tentative only.

Effective date for the Share ConsolidationFriday, 25 October 2024

Commencement of dealing in the Consolidated Shares9:00 a.m. on Friday, 25 October 2024

Original counter for trading in the Existing Shares
in board lots of 2,000 Existing Shares
(in the form of existing share certificates) temporarily closes . .9:00 a.m. on Friday, 25 October 2024

Temporary counter for trading in the Consolidated Shares
in board lots of 200 Consolidated Shares
(in the form of existing share certificates) opens9:00 a.m. on Friday, 25 October 2024

First day of free exchange of existing share certificates
for new share certificate for Consolidated Shares commencesFriday, 25 October 2024

Last day of dealing in the Consolidated Shares
on a cum-right basis relating to the Rights IssueFriday, 25 October 2024

First day of dealing in the Consolidated Shares
on an ex-right basis relating to the Rights Issue Monday, 28 October 2024

Latest time for the Shareholders to lodge transfer
documents of Consolidated Shares in order to
qualify for the Rights Issue4:30 p.m. on Tuesday 29 October 2024

Closure of register of members of the Company for
the Rights Issue (both dates inclusive)Wednesday, 30 October 2024 to
Tuesday, 5 November 2024

Record Date for determining entitlements to the Rights Issue Tuesday, 5 November 2024

Register of members of the Company re-opensWednesday, 6 November 2024

Event	Time and Date (Hong Kong time)
Despatch of the Prospectus Documents to the Qualifying Shareholders (including the PAL and Prospectus) (in the case of the Excluded Shareholder(s), the Prospectus only)	Wednesday, 6 November 2024
Original counter for trading in the Consolidated Shares in board lots of 2,000 Consolidated Shares (in the form of new share certificates) re-opens	9:00 a.m. on Friday, 8 November 2024
Parallel trading in the Consolidated Shares (in the form of new share certificates and existing share certificates) commences	9:00 a.m. on Friday, 8 November 2024
Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares	9:00 a.m. on Friday, 8 November 2024
First day of dealings in nil-paid Rights Shares in board lots of 2,000 Rights Shares	Friday, 8 November 2024
Latest time for splitting of the PAL	4:30 p.m. on Tuesday, 12 November 2024
Last day of dealings in nil-paid Rights Shares in board lots of 2,000 Rights Shares	Friday, 15 November 2024
Latest time for acceptance of and payment for the Rights Shares	4:00 p.m. on Wednesday, 20 November 2024
Announcement of the number of Unsubscribed Rights Share and ES Unsold Rights Shares subject to Compensatory Arrangements	Monday, 25 November 2024
Commencement of placing of Unsubscribed Rights Share and ES Unsold Rights Shares by the Placing Agent	Tuesday, 26 November 2024
Designated broker ceases to stand in the market to provide matching services for odd lots of the Consolidated Shares	4:00 p.m. on Thursday, 28 November 2024

Event	Time and Date (Hong Kong time)
Temporary counter for trading in the Consolidated Shares in board lots of 200 Consolidated Shares (in the form of existing share certificates) closes	4:10 p.m. on Thursday, 28 November 2024
Parallel trading in Consolidated Shares (represented by both existing share certificates and new share certificates) ends	4:10 p.m. on Thursday, 28 November 2024
Latest time of placing of Unsubscribed Rights Shares and ES Unsold Rights Shares by the Placing Agent	4:00 p.m. on Monday, 2 December 2024
Latest time for free exchange of existing share certificates for new share certificates	4:00 p.m. on Monday, 2 December 2024
Latest time for termination of the Placing Agreement for the Rights Issue to become unconditional	4:00 p.m. on Tuesday, 3 December 2024
Announcement of results of the Rights Issue (including results of the Placing and the Net Gain per Unsubscribed Rights Share and ES Unsold Rights Share under the Compensatory Arrangements)	Thursday, 5 December 2024
Refund cheques, if any, to be despatched (if the Rights Issue does not proceed)	Friday, 6 December 2024
Share certificates for fully-paid Rights Shares to be despatched	Friday, 6 December 2024
Commencement of dealings in fully-paid Rights Shares	Monday, 9 December 2024
Payment of Net Gain to relevant No Action Shareholders (if any) or Excluded Shareholder(s) (if any)	Friday, 13 December 2024

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

The latest time for acceptance of and payment for the Rights Shares and application for and payment for the Rights Shares will not take place at the time indicated above if there is a tropical cyclone warning signal number 8 or above, or “extreme conditions” caused by super typhoon 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 but no longer in force after 12:00 noon on the day on which the Latest Time for Acceptance is initially scheduled to fall. Instead, the latest time for acceptance of and payment for the Rights Shares and for application 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 day on which the Latest Time for Acceptance is initially scheduled to fall. Instead, the latest time for acceptance of and payment for the Rights Shares and for application 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 does not take place on or before 4:00 p.m. on Wednesday, 20 November 2024, the dates mentioned herein may be affected. The Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable of the Rights Issue as soon as practicable.

LISTING RULES IMPLICATIONS

As the proposed Rights Issue will not increase the number of issued Shares or the market capitalisation of the Company by more than 50% (on its own or when aggregated with any other rights issues or open offers announced by the Company (i) within the 12 month period immediately preceding the announcement of the proposed Rights Issue or (ii) prior to such 12 month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12 month period, together with any bonus securities, warrants or other convertible securities (assuming full conversion) granted or to be granted to Shareholders as part of such rights issues or open offers) and the Rights Issue is not underwritten by a Director, chief executive or substantial shareholder of the Company (or any of their respective close associates), the Rights Issue is not conditional upon approval by the Shareholders.

The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

GENERAL

The register of members of the Company will be closed from Thursday, 17 October 2024 to Wednesday, 23 October 2024 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the EGM. The EGM will be held to consider and, if thought fit, pass the resolutions to approve, among other things, the Share Consolidation.

A circular containing, among other things, (i) further details of the Share Consolidation; and (ii) a notice convening the EGM, is expected to be despatched to the Shareholders on or before Tuesday, 8 October 2024.

Subject to the fulfilment of the 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 on or before Wednesday, 6 November 2024. The Company will despatch the Prospectus (without the PAL(s)) to the Excluded Shareholders (if any) for their information purpose only to the extent permitted under the relevant laws and regulations and reasonably practicable.

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

Shareholders and potential investors of the Company should note that the Rights Issue is subject to fulfilment of conditions including, 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. Any dealing in the Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled, and 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. Shareholders or other persons contemplating any dealing in the Shares and/or Rights Shares in their nil-paid form are recommended to consult their professional advisers.

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

DEFINITIONS

Terms used in this announcement have the following meanings unless the context otherwise requires:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“BSI”	BILLION SHINE INTERNATIONAL INVESTMENT LIMITED (百陽國際投資有限公司), a limited liability company incorporated in the BVI and is wholly-owned by Mr. Chung, being one of the Controlling Shareholders
“Business Day”	a day (excluding Saturday and Sunday and any day on which “extreme conditions” caused by super typhoons is announced by the Government of Hong Kong or a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Company”	Innovax Holdings Limited (創陞控股有限公司), a company incorporated in the Cayman Island with limited liability whose issued share are listed on the Stock Exchange (stock code: 2680)
“Companies Act”	the Companies Act (Revised) of the Cayman Islands
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong (as amended from time to time)

“Compensatory Arrangements”	placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by the Placing Agent on a best effort basis pursuant to the Placing Agreement in accordance with Rule 7.21(1)(b) of the Listing Rules
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consolidated Share(s)”	ordinary shares of HK\$0.1 each in the share capital of the Company immediately after the Share Consolidation becoming effective
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company for the time being
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, to approve, among other things, the Share Consolidation
“ES Unsold Rights Shares”	the Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders in nil-paid form that have not been sold by the Company
“Excluded Shareholder(s)”	those Overseas Shareholder(s) to whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Issue on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Existing Share(s)”	ordinary shares of HK\$0.01 each in the share capital of the Company before the Share Consolidation becoming effective
“FRR”	the Securities and Futures (Financial Resources) Rules (Chapter 571N of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“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 dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any individual(s) or company(ies) independent of the Company and its connected persons and not connected with any of them or their respective associate(s)
“Last Trading Day”	26 September 2024, being the last trading day of the Shares on the Stock Exchange immediately prior to the publication of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Wednesday, 20 November 2024, being the latest time for acceptance of the offer of and payment for the Rights Shares
“Latest Time for Termination”	5:00 p.m. on Tuesday, 3 December 2024 or such later time as may be agreed between the Company and the Placing Agent in writing
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chung”	Mr. Chung Chi Man, the executive Director and the Controlling Shareholder, who is the ultimate beneficial owner of 300,000,000 Existing Shares through BSI as at the date of this announcement
“Net Gain”	the aggregate of any premium (being the aggregate amount paid by the Placees after deducting (i) the aggregate amount of the Subscription Price for the Unsubscribed Rights Shares and the ES Unsold Rights Shares placed by the Placing Agent; and (ii) the aggregate amount of the expenses of the Placing Agent and any other related expenses/fees under the Placing Agreement) under the Compensatory Arrangements

“No Action Shareholder(s)”	Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) under the PAL(s) or their renounces, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed
“Overseas Shareholder(s)”	Shareholder(s) whose address(es) on the register of members of the Company on the Record Date are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Placees”	individuals, corporate, institutional investors or other investors, procured by the Placing Agent and/or its sub-placing agents to subscribe for the Unsubscribed Rights Shares and the ES Unsold Rights Shares pursuant to the Placing Agreement
“Placing”	arrangements to place the Unsubscribed Rights Shares and the ES Unsold Rights Shares on a best effort basis pursuant to the Placing Agreement
“Placing Agent”	Innovax Securities Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO
“Placing Agreement”	the placing agreement dated 26 September 2024 entered into between the Company and the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares
“PRC”	the People’s Republic of China and for the purpose of this announcement, excluding Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC
“Prospectus”	the prospectus (including any supplementary prospectus, if any) to be despatched to the Qualifying Shareholders (and the Excluded Shareholder(s) for information only) in connection with the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL(s)

“Prospectus Posting Date”	Wednesday, 6 November 2024 or such other date as the Company may determine, being the date on which the Prospectus Documents are posted to the Qualifying Shareholders and the Prospectus for information only to the Excluded Shareholders
“Public Float Requirement”	the public float requirement under Rule 8.08 of the Listing Rules
“Qualifying Shareholders”	Shareholder(s), whose names appear on the register of members of the Company as at the Record Date, other than the Excluded Shareholder(s)
“Record Date”	Tuesday, 5 November 2024, or on such other date as the Company may determine, being the date by reference to which entitlements to the Rights Issue will be determined
“Rights Issue”	the proposed issue of the Rights Shares for subscription by the Qualifying Shareholders on the basis of one (1) Rights Shares for every two (2) Consolidated Share in issue and held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Prospectus Documents
“Rights Share(s)”	up to 20,000,000 new Shares (assuming no change in the number of issued Shares on or before the Record Date) to be allotted and issued pursuant to the Rights Issue
“Scale-down PAL Shares”	such number of Rights Shares applied for under the PAL(s) which would, if allotted by the Company, result in the incurring an obligation to make a general offer for the Shares under the Takeovers Code or failure to comply with the Public Float Requirement on the part of the Company
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	the Existing Share(s) and/or the Consolidated Share(s) (whichever shall be appropriate)
“Shareholder(s)”	holder(s) of the issued Share(s)

“Share Consolidation”	the consolidation of every ten (10) issued Existing Shares into one (1) Consolidated Share
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.60 per Rights Share
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC
“Unsubscribed Rights Shares”	the Rights Shares that are not subscribed by the Qualifying Shareholders
“%”	per cent

By Order of the Board
Innovax Holdings Limited
CHUNG Chi Man
Chairman

Hong Kong, 26 September 2024

As at the date of this announcement, the Board comprises: Mr. Chung Chi Man as the Chairman of the Board and executive Director; Mr. Poon Siu Kuen, Calvin as the chief executive officer and executive Director; Dr. Wu Kwun Hing, Mr. Yip Siu Hong and Ms. Chan Ka Lai, Vanessa as independent non-executive Directors.