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Guoen Holdings Limited

國恩控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8121)

- (I) PROPOSED CAPITAL REORGANISATION;
(II) PROPOSED RIGHTS ISSUE ON THE BASIS OF
TWO (2) RIGHTS SHARES FOR EVERY ONE (1) NEW
ORDINARY SHARE HELD ON THE RECORD DATE;
(III) CLOSURE OF REGISTER OF MEMBERS;
AND
(IV) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

Financial Adviser



Underwriter



**Independent Financial Adviser to
the Independent Board Committee and
the Independent Shareholders**



PROPOSED CAPITAL REORGANISATION

The Board proposes to implement the Capital Reorganisation which comprises the following:

(1) Proposed Share Consolidation

The Board proposes to implement the Share Consolidation on the basis that every twenty (20) issued and unissued Existing Shares with par value of HK\$0.10 each be consolidated into one (1) Consolidated Share with par value of HK\$2.00 each.

As at the date of this announcement, the authorised share capital of the Company is HK\$100,000,000 divided into 1,000,000,000 Existing Shares with par value of HK\$0.10 each, of which 166,720,000 Existing Shares have been issued and are fully paid or credited as fully paid. Upon the Share Consolidation becoming effective but prior to the Capital Reduction becoming effective, and assuming there will be no change in the number of Existing Shares in issue from the date of this announcement to the effective date of the Share Consolidation, the authorised share capital of the Company will become HK\$100,000,000 divided into 50,000,000 Consolidated Shares with par value of HK\$2.00 each, of which 8,336,000 Consolidated Shares (which are fully paid or credited as fully paid) will be in issue.

The Share Consolidation is conditional upon fulfillment of the conditions contained in the section headed “Conditions of the Share Consolidation” in this announcement.

(2) Proposed Capital Reduction and the Sub-division

As at the date of this announcement, 166,720,000 Existing Shares have been issued and are fully paid or credited as fully paid. Immediately upon the Share Consolidation, the Capital Reduction and the Sub-division becoming effective and assuming no further Existing Shares or (as the case may be) Consolidated Shares will be issued or repurchased from the date of this announcement up to and including the date of which the Share Consolidation, the Capital Reduction and the Sub-division shall become effective, the authorised share capital of the Company shall be HK\$100,000,000 divided into 10,000,000,000 New Ordinary Shares with par value of HK\$0.01 each, of which 8,336,000 New Ordinary Shares will be in issue and fully paid or credited as fully paid.

The Board further proposes that immediately following the Share Consolidation becoming effective, the Capital Reduction and the Sub-division be implemented in the following manner:

- (i) the Capital Reduction whereby (a) any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation will be cancelled, and (b) the par value of each issued Consolidated Share will be reduced from HK\$2.00 to HK\$0.01 by cancelling the paid-up share capital to the extent of HK\$1.99 per issued Consolidated Share, so that following such reduction, each issued Consolidated Share shall become one New Ordinary Share with par value of HK\$0.01 each;
- (ii) the credit arising from the Capital Reduction will be applied towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated losses of the Company. The balance of the credit (if any) will be transferred to a distributable reserve account of the Company and be applied for such purposes as permitted by all applicable laws and the memorandum and articles of association of the Company and as the Board considers appropriate; and
- (iii) immediately following the Capital Reduction becoming effective, each authorised but unissued Consolidated Share will be subdivided into 200 authorised but unissued New Ordinary Shares with par value of HK\$0.01 each.

The Capital Reduction and the Sub-division are conditional upon fulfillment of the conditions contained in the section headed “Conditions of the Capital Reduction and the Sub-division” in this announcement.

PROPOSED RIGHTS ISSUE

Subject to the Capital Reorganisation becoming effective, the Company proposes to raise gross proceeds of up to approximately HK\$17.3 million before expenses by way of Rights Issue of up to 16,672,000 Rights Shares at the Subscription Price of HK\$1.04 per Rights Share on the basis of two (2) Rights Shares for every one (1) New Ordinary Share held on the Record Date. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders.

Assuming full subscription of the Rights Issue, the net proceeds from the Rights Issue after deducting the expenses are estimated to be approximately HK\$15.2 million (assuming no change in the total number of Shares in issue on or before the Record Date after taking into account the effect of the Capital Reorganisation). The Company intends to apply the net proceeds as to (i) approximately HK\$10.0 million for the development of the Group's businesses in the PRC; and (ii) approximately HK\$5.2 million for the general working capital of the Group.

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue is fully underwritten by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement.

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

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and not be a Non-Qualifying Shareholder. In order to be registered as a member of the Company on the Record Date, all transfer documents of the Shares (together with the relevant share certificate(s)) must be lodged for registration with the Company's share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by not later than 4:30 p.m. on Wednesday, 21 August 2024.

THE UNDERWRITING AGREEMENT

On 21 February 2024 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter. Details of the Underwriting Agreement are set out in the section headed "The Underwriting Arrangement" in this announcement.

GEM LISTING RULES IMPLICATIONS FOR THE COMPANY

The Capital Reorganisation

The Capital Reorganisation is conditional upon, among other things, (i) the passing of an ordinary resolution by the Shareholders at the EGM approving the proposed Share Consolidation; and (ii) the passing of a special resolution by the Shareholders at the EGM approving the proposed Capital Reduction and the Sub-division.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as none of the Shareholders or their associates would have any interest in the Capital Reorganisation, no Shareholder would be required to abstain from voting in favour of the resolutions relating to the Capital Reorganisation at the EGM.

The Rights Issue

In accordance with Rule 10.29(1) of the GEM Listing Rules, as the Rights Issue will increase the total number of issued Shares or the market capitalisation of the Company by more than 50% within the 12-month period immediately preceding the date of this announcement (after taking into account the effect of the Capital Reorganisation), the Rights Issue must be made conditional on approval by the Shareholders at the EGM, and any controlling shareholders of the Company and their respective associates, or where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the proposed Rights Issue.

As at the date of this announcement, the Company has no controlling Shareholder as defined under the GEM Listing Rules. Mr. Yin, the chairman and chief executive officer of the Company and an executive Director, beneficially owns 48,370,000 Existing Shares in aggregate, representing approximately 29.01% of the entire issued share capital of the Company as at the date of this announcement. Mr. Liu, an executive Director, beneficially owns 8,330,000 Existing Shares in aggregate, representing approximately 5.00% of the entire issued share capital of the Company as at the date of this announcement. In addition, Mr. Alan Yip, Ms. Karin Wan and Mr. Jeff Ng (the executive Directors of the Company) and Ms. Wang Lai Man, Liza (“**Ms. Liza Wang**”) are parties acting in concert with each other, and are together interested in an aggregate of 10,000 Existing Shares, representing in aggregate approximately 0.006% of the entire issued share capital of the Company as at the date of this announcement. Accordingly, Mr. Yin, Mr. Liu, Mr. Alan Yip, Ms. Karin Wan and Mr. Jeff Ng (and their associates) and Ms. Liza Wang are required to abstain from voting in favour of the proposed resolution(s) to approve the Rights Issue at the EGM in accordance with Rule 10.29(1) of the GEM Listing Rules. Save as disclosed above, no other Directors are interested in the Existing Shares of the Company as at the date of this announcement. Accordingly, no other Shareholder is required to abstain from voting in favour of the relevant resolution(s) of the proposed Rights Issue at the EGM.

The Company has not conducted any rights issue, open offer or specific mandate placings within the 12-month period immediately preceding the date of this announcement, or prior to such 12-month period where dealing in respect of the Existing Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities as part of any rights issue, open offer and/or specific mandate placings within such 12-month period.

The Rights Issue will not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 10.44A of the GEM Listing Rules.

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Company has established the Independent Board Committee, comprising all the independent non-executive Directors, namely Ms. Fu Hongzhi, Mr. Bian Wencheng and Mr. Hong Ming Sang, to advise the Independent Shareholders as to whether the terms of the Rights Issue and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, taking into account the recommendations of the Independent Financial Adviser.

In this connection, Dakin Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Rights Issue and the transactions contemplated thereunder, and as to voting.

CLOSURE OF REGISTER OF MEMBERS OF THE COMPANY

The register of members of the Company will be closed from Monday, 8 April 2024 to Friday, 12 April 2024 (both days inclusive) for determining the entitlements of the Shareholders to attend and vote at the EGM, and will further be closed from Thursday, 22 August 2024 to Wednesday, 28 August 2024 (both days inclusive) for determining the entitlements to the Rights Issue, during which period no transfer of Shares will be registered.

GENERAL

The EGM will be convened for the Shareholders to consider and, if thought fit, approve the Capital Reorganisation and the Rights Issue. A circular containing, among other things, (i) further details of the Capital Reorganisation; (ii) further details of the Rights Issue and the Underwriting Agreement; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue and the transactions contemplated thereunder; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue and the transactions contemplated thereunder; and (v) a notice of the EGM, is expected to be despatched to the Shareholders on or before Monday, 18 March 2024.

Subject to the approval of the Rights Issue by the Independent Shareholders at the EGM, the Prospectus containing further information regarding, among other things, the Rights Issue, including information on acceptances of the Rights Shares and other information of the Group, the PAL(s) and EAF(s) are expected to be despatched to the Qualifying Shareholders on Thursday, 29 August 2024. The Company will, to the extent reasonably practicable and legally permitted and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, despatch and the Prospectus to the Non-Qualifying Shareholders (if any) for their information only, but the Company will not send the PAL(s) and EAF(s) to the Non-Qualifying Shareholders (if any).

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

Shareholders and potential investors of the Company should note that the Capital Reorganisation is conditional upon the satisfaction of the conditions as set out in the paragraphs headed “Conditions of the Share Consolidation” and “Conditions of the Capital Reduction and the Sub-division” in this announcement, and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares of the Company.

The Rights Issue is subject to the fulfilment of conditions including, among other things, the GEM Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed “Conditions of the Rights Issue” in this announcement. Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not satisfied, the Rights Issue will not proceed.

Any dealings 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 Shareholders 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.

It is expected that the last day of dealings in the New Ordinary Shares on a cum-rights basis is Monday, 19 August 2024, and the New Ordinary Shares will be dealt with on an ex-rights basis from Tuesday, 20 August 2024.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the Rights Shares. Any Shareholders or other persons contemplating any dealings in the Shares and/or Rights Shares in nil-paid form are recommended to consult their professional advisers. The Company will make further announcement(s) with regard to the status of the abovementioned transactions as and when appropriate pursuant to the requirements under the GEM Listing Rules, as appropriate.

PROPOSED SHARE CONSOLIDATION

As at the date of this announcement, the authorised share capital of the Company is HK\$100,000,000 divided into 1,000,000,000 Existing Shares with par value of HK\$0.10 each, of which 166,720,000 Existing Shares have been issued and are fully paid or credited as fully paid. The Board proposes to implement the Share Consolidation on the basis that every twenty (20) issued and unissued Existing Shares with par value of HK\$0.10 each be consolidated into one (1) Consolidated Share with par value of HK\$2.00 each.

Effect of the Share Consolidation

Immediately upon the Share Consolidation becoming effective but prior to the Capital Reduction becoming effective, and assuming there will be no change in the number of Existing Shares in issue from the date of this announcement to the effective date of the Share Consolidation, the authorised share capital of the Company will become HK\$100,000,000 divided into 50,000,000 Consolidated Shares with par value of HK\$2.00 each, of which 8,336,000 Consolidated Shares will be in issue and fully paid or credited as fully paid.

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

The implementation of the Share Consolidation will not alter the underlying assets, business operation, management or financial position of the Group and the interests and rights of the Shareholders, save that any fractional Consolidated Shares will not be allocated to Shareholders who may otherwise be entitled thereto.

Conditions of the Share Consolidation

The Share Consolidation is conditional on the following conditions being fulfilled:

- (i) the passing of an ordinary resolution by the Shareholders at the EGM to approve the Share Consolidation;
- (ii) the GEM Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective; and
- (iii) the compliance with the relevant procedures and requirements under the applicable laws of the Cayman Islands and the GEM Listing Rules to effect the Share Consolidation.

Subject to the fulfilment of the conditions of the Share Consolidation, the effective date of the Share Consolidation is expected to be on Tuesday, 16 April 2024, being one clear Business Day immediately after the date of the EGM.

As at the date of this announcement, none of the above conditions has been fulfilled.

Listing and dealings

Application will be made to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective.

The Consolidated Shares will be identical in all respects and rank *pari passu* in all respects with each other as to all future dividends and distributions which are declared, made or paid. Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, 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 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 HKSCC and HKSCC Operational Procedures in effect from time to time.

None of the Existing Shares or any debt securities of the Company are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becomes 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

Any fractional Consolidated Share arising from the Share Consolidation, if any, will be cancelled and will not be allocated to the Shareholders otherwise entitled thereto. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

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

Adjustments in relation to other securities of the Company

As at the date of this announcement, the Company has no outstanding convertible bonds, options, derivatives, warrants, conversion rights or other similar rights entitling holders thereof to subscribe for or convert into or exchange into Shares. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

Reasons for the Share Consolidation

Pursuant to Rule 17.76 of the GEM Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or proceed with a consolidation or splitting of its securities.

The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Stock Exchange on 28 November 2008 and updated on 1 October 2020 has stated that (i) market price of the shares at a level less than HK\$0.10 will be considered as trading at extremity as referred to under Rule 17.76 of the GEM 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.

As at the date of this announcement, the closing price of an Existing Share of the Company was HK\$0.078, with the board lot size of 10,000 Existing Shares, the existing board lot value was only HK\$780, which was less than HK\$2,000.

The Board considers that after the Share Consolidation becomes effective, the estimated board lot size value would be HK\$15,600. This will enable the Company to comply with the trading requirements under the GEM Listing Rules and 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.

The Board considers that the Share Consolidation is beneficial to and in the interests of the Company and the Shareholders as a whole.

Arrangement on odd lot trading and matching services

In order to facilitate the trading of odd lots of the Consolidated Shares arising from the Share Consolidation, the Company will appoint a designated broker to provide a matching service, 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. Further details in respect of the odd lots matching arrangement will be set out in the circular to be despatched by the Company to the Shareholders.

Shareholders should note that matching of the sale and purchase of odd lots of Consolidated Shares is not guaranteed. Shareholders, who are in any doubt about the odd lots matching arrangement, are recommended to consult their own professional advisers.

Exchange of share certificates for the Consolidated Shares

Should the Share Consolidation become effective, Shareholders may submit share certificates for the Existing Shares to the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for exchange, at the expense of the Company, from Tuesday, 16 April 2024 to Friday, 24 May 2024, for new share certificates for the Consolidated Shares.

Thereafter, all existing certificates of the Existing Shares will continue to be good evidence of title to the Consolidated Shares on the basis of twenty (20) Existing Shares for every one (1) Consolidated Share, and may be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the Consolidated Shares, whichever is higher. The existing share certificates of the Existing Shares will only be valid for delivery, trading and settlement purposes for the period up to 4:10 p.m. on Wednesday, 22 May 2024, and thereafter will not be accepted for delivery, trading and settlement purposes. The new share certificates for the Consolidated Shares will be issued in green in order to distinguish them from the share certificates for the Existing Shares which are in yellow.

PROPOSED CAPITAL REDUCTION AND THE SUB-DIVISION

The Board further proposes that immediately following the Share Consolidation becoming effective, the Capital Reduction and the Sub-division will be implemented in the following manner:

- (i) the Capital Reduction whereby (a) any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation will be cancelled, and (b) the par value of each issued Consolidated Share will be reduced from HK\$2.00 to HK\$0.01 by cancelling the paid-up share capital to the extent of HK\$1.99 per issued Consolidated Share, so that following such reduction, each issued Consolidated Share shall become one New Ordinary Share with par value of HK\$0.01 each;
- (ii) the credit arising from the Capital Reduction will be applied towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated losses of the Company. The balance of the credit (if any) will be transferred to a distributable reserve account of the Company and be applied for such purposes as permitted by all applicable laws and the memorandum and articles of association of the Company and as the Board considers appropriate;
- (iii) immediately following the Capital Reduction becoming effective, each authorised but unissued Consolidated Share will be subdivided into 200 authorised but unissued New Ordinary Shares with par value of HK\$0.01 each; and

- (iv) each of the New Ordinary Shares arising from the Capital Reduction and the Sub-division shall rank *pari passu* in all respects with each other and will have rights and privileges and be subject to the restrictions contained in the memorandum and articles of association of the Company.

Conditions of the Capital Reduction and the Sub-division

The Capital Reduction and the Sub-division are conditional on the following conditions being fulfilled:

- (i) the Share Consolidation being approved at the EGM and becoming effective;
- (ii) the passing of a special resolution by the Shareholders at the EGM to approve the Capital Reduction and the Sub-division;
- (iii) an order being made by the Court confirming the Capital Reduction (if applicable);
- (iv) compliance with any terms and conditions which the Court may impose in relation to the Capital Reduction (if applicable);
- (v) registration by the Registrar of Companies of the Cayman Islands of a copy of the order of the Court confirming the Capital Reduction (if applicable) and the minute containing the particulars required under the Companies Act with respect to the Capital Reduction; and
- (vi) the GEM Listing Committee granting the listing of, and permission to deal in, the New Ordinary Shares in issue and to be issued upon the Capital Reduction and the Sub-division becoming effective.

The Capital Reduction and the Sub-division will become effective when the conditions mentioned above are fulfilled. Upon the approval by the Shareholders of the Capital Reduction and the Sub-division at the EGM, the legal advisers to the Company (as to the Cayman Islands law) will apply to the Court for hearing date(s) to confirm the Capital Reduction (if applicable) and a further announcement will be made by the Company as soon as practicable after the Court hearing date(s) is confirmed (if applicable).

As at the date of this announcement, none of the above conditions have been fulfilled.

Reasons for and effects of the Capital Reduction and the Sub-division

The proposed Capital Reduction and the Sub-division (assuming the Share Consolidation becomes effective) will enable the par value of the Consolidated Shares to be reduced from HK\$2.00 to HK\$0.01 each. The credit arising from the Capital Reduction will be applied towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated losses of the Company. The balance of credit (if any) will be transferred to the distributable reserve account of the Company and be applied for such purposes as permitted by all applicable laws and the memorandum and articles of association of the Company and as the Board considers appropriate.

The Directors are of the opinion that the proposed Capital Reduction and the Sub-division will:

- (i) give greater flexibility to the Company to declare dividends and/or to undertake any corporate exercise which requires the use of distributable reserves in the future, subject to the Company's performance and when the Board considers that it is appropriate to do so in the future; and
- (ii) enable the nominal or par value of the Shares to be reduced from HK\$2.00 (assuming the Share Consolidation becomes effective) to a lower level of HK\$0.01 each, thus giving greater flexibility to the Company to issue new Shares in the future given that the Company is not permitted, without order of the Court, to issue new Shares below their nominal or par value.

As such, the Directors are of the view that the Capital Reduction and the Sub-division are in the best interests of the Company and its Shareholders as a whole.

As at the date of this announcement, save as disclosed in this announcement, the Company has no intention to carry out other corporate actions or arrangement, including share consolidation, share subdivision and capital reduction, in the next 12 months which may have an effect of undermining or negating the intended purpose of the Capital Reorganisation, and save for the proposed Rights Issue, the Company does not have any concrete plan to conduct any equity fund raising activities in the next 12 months. The Company will make further announcement in this regard in accordance with the GEM Listing Rules as and when appropriate.

Listing of and dealings in the New Ordinary Shares

Application will be made to the GEM Listing Committee for the listing of, and permission to deal in, the New Ordinary Shares arising from the Capital Reduction and the Sub-division.

The New Ordinary Shares will be identical in all respects and rank *pari passu* in all respects with each other as to all future dividends and distributions which are declared, made or paid. Subject to the granting of the listing of, and permission to deal in, the New Ordinary Shares on the Stock Exchange as well as compliance with the stock admission requirements of the HKSCC, the New Ordinary 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 New Ordinary Shares on the Stock Exchange or such other date 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 settlement day thereafter. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time. All necessary arrangements will be made for the New Ordinary Shares to be admitted into CCASS established and operated by HKSCC.

As the Court hearing date(s) has yet to be fixed, the effective date of the Capital Reduction and the Sub-division is not ascertainable at present.

No change in board lot size

As at the date of this announcement, the Existing Shares are currently traded on the Stock Exchange in the board lot size of 10,000 Existing Shares. Upon the Capital Reorganisation becoming effective, the board lot size for trading in the New Ordinary Shares will remain unchanged at 10,000 New Ordinary Shares per board lot. The New Ordinary Shares will rank *pari passu* in all respects with each other.

Exchange of share certificates for the New Ordinary Shares

Should the Capital Reduction and the Sub-division become effective, Shareholders may submit share certificates for the Consolidated Shares to the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for exchange, at the expense of the Company, from Friday, 12 July 2024 to Monday, 19 August 2024, for new share certificates for the New Ordinary Shares.

Details of such exchange of share certificates will be announced as soon as the Court hearing date(s) and the effective date of the Capital Reduction and the Sub-division are ascertained.

Thereafter, all existing certificates of the Existing Shares and/or the Consolidated Shares will continue to be good evidence of title to the New Ordinary Shares, and may be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each share certificate for the Existing Shares and/or the Consolidated Shares submitted for cancellation or each new share certificate issued for the New Ordinary Shares, whichever is higher. The existing share certificates of the Consolidated Shares will only be valid for delivery, trading and settlement purposes for the period up to Monday, 19 August 2024, and thereafter will not be accepted for delivery, trading and settlement purposes.

The new share certificates for the New Ordinary Shares will be issued in purple in order to distinguish them from the existing share certificates of the Existing Shares in yellow and the existing share certificates of the Consolidated Shares in green.

Effect of the Capital Reorganisation

As at the date of this announcement, 166,720,000 Existing Shares have been issued and are fully paid or credited as fully paid. Immediately upon the Share Consolidation, the Capital Reduction and the Sub-division becoming effective and assuming no further Existing Shares or (as the case may be) Consolidated Shares will be issued or repurchased from the date of this announcement up to and including the date of which the Share Consolidation, the Capital Reduction and the Sub-division shall become effective, the authorised share capital of the Company shall be HK\$100,000,000 divided into 10,000,000,000 New Ordinary Shares with par value of HK\$0.01 each, of which 8,336,000 New Ordinary Shares will be in issue and fully paid or credited as fully paid.

Assuming that the par value of each of the 8,336,000 issued Consolidated Shares will be reduced from HK\$2.00 to HK\$0.01 per issued New Ordinary Share by cancelling the paid up share capital to the extent of HK\$1.99 per issued Consolidated Share by way of a reduction of capital, so as to form issued New Ordinary Shares with par value of HK\$0.01 each, the Company's existing issued share capital of HK\$16,672,000 will be reduced by HK\$16,588,640 to HK\$83,360.

Assuming there will be no change in the issued share capital of the Company from the date of this announcement up to the effective date of the Capital Reorganisation, the share capital structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Share Consolidation; and (iii) immediately upon the Capital Reduction and the Sub-division becoming effective are summarised as follows:

	As at the date of this announcement	Immediately after the completion of the Share Consolidation but prior to the Capital Reduction and the Sub-division	Immediately upon the Capital Reduction and the Sub-division becoming effective
Par value	HK\$0.10 per Existing Share	HK\$2.00 per Consolidated Share	HK\$0.01 per New Ordinary Share
Amount of authorised share capital	HK\$100,000,000	HK\$100,000,000	HK\$100,000,000
Number of authorised shares	1,000,000,000 Existing Shares	50,000,000 Consolidated Shares	10,000,000,000 New Ordinary Shares
Amount of the issued share capital	HK\$16,672,000	HK\$16,672,000	HK\$83,360
Number of issued shares	166,720,000 Existing Shares	8,336,000 Consolidated Shares	8,336,000 New Ordinary Shares

Other than the expenses to be incurred in relation to the Share Consolidation, the Capital Reduction and the Sub-division, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares will not be allocated to the Shareholders who may otherwise be entitled. The Directors are of the view that the Capital Reduction and the Sub-division will not have any material adverse effect on the financial position of the Group and are in the interest of the Company and the Shareholders as a whole.

PROPOSED RIGHTS ISSUE

Upon the completion of the Capital Reorganisation, the Company proposes to raise gross proceeds of up to approximately HK\$17.3 million by way of the issue of up to 16,672,000 Rights Shares at the Subscription Price of HK\$1.04 per Rights Share on the basis of two (2) Rights Shares for every one (1) New Ordinary Share held 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 Non-Qualifying Shareholders.

Further details of the Rights Issue are set out below:

Rights Issue Statistics

Basis of the Rights Issue:	Two (2) Rights Shares for every one (1) New Ordinary Share held by the Shareholders on the Record Date
Subscription Price:	HK\$1.04 per Rights Share
Net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue):	approximately HK\$0.91 per Rights Share
Number of Existing Shares in issue as at the date of this announcement:	166,720,000 Existing Shares
Number of New Ordinary Shares in issue upon the Capital Reorganisation becoming effective:	8,336,000 New Ordinary Shares
Number of Rights Shares to be issued under the Rights Issue:	Up to 16,672,000 Rights Shares (assuming there is no change to the total number of New Ordinary Shares in issue on or before the Record Date)
	The aggregate nominal value of the Rights Shares will be HK\$166,720
Total number of Shares in issue as enlarged by the allotment and issue of the Rights Shares:	Up to 25,008,000 New Ordinary Shares (assuming there is no change to the total number of New Ordinary Shares in issue on or before the Record Date and all Rights Shares are taken up by the Qualifying Shareholders)
Maximum amount to be raised before expenses (assuming the Rights Issue is fully subscribed):	Up to approximately HK\$17.3 million before expenses (assuming there is no change to the total number of New Ordinary Shares in issue on or before the Record Date and all Rights Shares are taken up by the Qualifying Shareholders)
Right of excess applications:	Qualifying Shareholders may apply for the Rights Shares in excess of their provisional allotment

As at the date of this announcement, the Company has no outstanding convertible bonds, options, derivatives, warrants, conversion rights or other similar rights entitling holders thereof to subscribe for or convert into or exchange into Shares. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

Assuming there is no change in the total number of New Ordinary Shares in issue on or before the Record Date and that no New Ordinary Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 16,672,000 Rights Shares to be issued pursuant to the terms of the proposed Rights Issue represents (i) approximately 200.0% of the issued share capital of the Company immediately upon the Capital Reduction and the Sub-division becoming effective; and (ii) approximately 66.7% of the issued share capital of the Company upon the Capital Reorganisation becoming effective and as enlarged by the allotment and issue of the Rights Shares.

Undertakings

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

Subscription Price

The Subscription Price of HK\$1.04 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue, and, where applicable, when a transferee of the nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 33.3% to the theoretical closing price of HK\$1.5600 per New Ordinary Share based on the closing price of HK\$0.0780 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Capital Reorganisation;
- (ii) a discount of approximately 35.3% to the theoretical average closing price of approximately HK\$1.6080 per New Ordinary Share based on the average closing price of approximately HK\$0.0804 per Existing Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the Last Trading Day and adjusted for the effect of the Capital Reorganisation;
- (iii) a discount of approximately 35.8% to the theoretical average closing price of approximately HK\$1.6200 per New Ordinary Share based on the average closing price of approximately HK\$0.0810 per Existing Share as quoted on the Stock Exchange for the last 10 consecutive trading days prior to the Last Trading Day and adjusted for the effect of the Capital Reorganisation;

- (iv) a discount of approximately 14.3% to the theoretical ex-rights price of approximately HK\$1.2133 per New Ordinary Share based on the closing price of HK\$0.0780 per Existing Share as quoted on the Stock Exchange on the Last Trading Day and the number of New Ordinary Shares in issue upon the Capital Reorganisation becoming effective;
- (v) a discount of approximately 56.7% to the latest published audited consolidated net asset value per New Ordinary Share as at 31 March 2023 of approximately HK\$2.4015 based on the annual report of the Company published on 30 June 2023 for the year ended 31 March 2023 and the number of New Ordinary Shares in issue upon the Capital Reorganisation becoming effective. The Directors consider the discount represented by the Subscription Price to the audited consolidated net asset value per New Ordinary Share as at 31 March 2023 to be fair and reasonable with reasons set out below in this announcement;
- (vi) a discount of approximately 60.9% to the latest published unaudited consolidated net asset value per New Ordinary Share as at 30 June 2023 of approximately HK\$2.6571 based on the interim report of the Company published on 10 November 2023 for the six months ended 30 September 2023 and the number of New Ordinary Shares in issue upon the Capital Reorganisation becoming effective. The Directors consider the discount represented by the Subscription Price to the unaudited consolidated net asset value per New Ordinary Share as at 30 September 2023 to be fair and reasonable with reasons set out below in this announcement; and
- (vii) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of approximately 23.5%, represented by the theoretical diluted price of approximately HK\$1.2293 per New Ordinary Share to the benchmarked price of approximately HK\$1.6080 per New Ordinary Share (as defined under 10.44A of the GEM Listing Rules, taking into account the higher of (i) the closing price on the Last Trading Day of HK\$0.0780 per Existing Share and (ii) the average of the closing prices of approximately HK\$0.0804 per Existing Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the date of this announcement and adjusted for the effect of the Capital Reorganisation).

The Subscription Price was negotiated on an arm's length basis between the Company and Underwriter after taking into account factors including the recent market price of the Existing Shares and the current market conditions, in particular,

- (i) the prevailing trading price of the Existing Shares over the period from 22 January 2024 to the Last Trading Day, being the month prior and up to the Last Trading Day which presented a fluctuation in the range of HK\$0.0680 to HK\$0.0840, as compared to the previous months and which the Directors were unaware of any reason for such volatility;

- (ii) the prevailing market conditions of the capital market in Hong Kong by referring to the prevailing quote of the Hang Seng Index over the period from 1 September 2023 to the Last Trading Day, being the latest quarter prior and up to the Last Trading Day which presented a fluctuation in the range of 14,961 to 18,844 which presented a downward trend;
- (iii) throughout the period from 22 January 2024 to the Last Trading Day, the price of the Existing Share ranged between HK\$0.0680 to HK\$0.0840, representing (a) a discount ranging from approximately 30.0% to 43.4% to the latest published audited net asset value per Existing Share of approximately HK\$0.1201 as at 31 March 2023; and (b) a discount ranging from approximately 36.8% to 48.8% to the latest published unaudited net asset value per Existing Share of approximately HK\$0.1329 as at 30 September 2023;
- (iv) the Directors' (excluding the members of the Independent Board Committee whose opinion will be set forth in the circular of the Company after having been advised by the Independent Financial Adviser) view that it would be reasonable for the Subscription Price to be set at a level considerably lower than that of the theoretical closing price of the New Ordinary Shares as at the Last Trading Day based on the closing price of the Existing Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Capital Reorganisation, under the current situation where there is a relatively large fundraising size when compared with the market capitalisation of the Company as at the Last Trading Day, it will enhance the attractiveness of the Rights Issue and encourage the Qualifying Shareholders to participate in the Rights Issue and subscribe for the Rights Shares in proportion to such Qualifying Shareholders' existing shareholding in the Company; and
- (v) whilst the Subscription Price represents a discount of approximately 56.7% to the latest published audited consolidated net asset value per New Ordinary Share as at 31 March 2023 and 60.9% to the latest published unaudited consolidated net asset value per New Ordinary Share as at 30 June 2023, the Board is of the view that the net asset value per Share is not a relevant factor to determine the Subscription Price due to the fact that (a) the price of the Existing Share ranged between HK\$0.0680 to HK\$0.2300 throughout the period from 21 August 2023 to the Last Trading Day which presented a downward trend; (b) the price of the Existing Share traded below the net asset value per Existing Share continuously since the beginning of the year 2024 (i.e. 2 January 2024) to the Last Trading Day with a ranged between HK\$0.0680 to HK\$0.1160. The Board considers that under the current market condition of the capital market in Hong Kong and with reference to the recent market performance of the Existing Shares, it would not be practical and make any commercial sense to set a subscription price which is significantly higher than the prevailing market price and net asset value per New Ordinary Share, which would defeat the whole purpose of attracting the Shareholders and/or investors for new funding.

The Directors (excluding the members of the Independent Board Committee whose opinion will be set forth in the circular of the Company after having been advised by the Independent Financial Adviser) 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.

Conditions of the Rights Issue

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

- (i) the passing by the Shareholders or Independent Shareholders (as the case may be) at the EGM of the necessary resolution(s) to approve the Capital Reorganisation, the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares) by no later than the Prospectus Posting Date;
- (ii) the Capital Reorganisation having become effective by no later than the Prospectus Posting Date;
- (iii) the GEM Listing Committee granting and not having withdrawn or revoked the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms and such listing and permission to deal not having been withdrawn or revoked;
- (iv) the provision to the Stock Exchange for authorisation and the filing and registration with the Companies Registry in Hong Kong respectively one duly certified copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the GEM Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Prospectus Posting Date;
- (v) following registration, the Prospectus Documents be made available and/or sent (as the case may be) to the Qualifying Shareholders (and, where applicable, to the Non-Qualifying Shareholder(s), if any, for information purpose only) and the publication of the Prospectus Documents on the website of the Stock Exchange on or before the Prospectus Posting Date;
- (vi) the Company having complied with the requirements under all applicable laws and regulations; and
- (vii) the Underwriting Agreement not being terminated pursuant to the terms thereof and remaining in full force and effect.

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 above are not fulfilled, the Rights Issue will not proceed. As at the date of this announcement, none of the above conditions has been fulfilled.

As the proposed Rights Issue is subject to the fulfillment of the above conditions, it may or may not proceed.

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the Shares then in issue, including the right to receive all future dividends and 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 and Non-Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company on the Record Date and is not a Non-Qualifying Shareholder.

In order to be registered as members of the Company on the Record Date, all transfers of Shares (together with the relevant share certificates and instruments of transfer) must be lodged with the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by not later than 4:30 p.m. on Wednesday, 21 August 2024. The register of members of the Company will be closed from Thursday, 22 August 2024 to Wednesday, 28 August 2024 (both days inclusive) for determining the entitlements to the Rights Issue. No transfer of Shares will be registered during this period.

Subject to the approval of the Rights Issue by the Independent Shareholders at the EGM, the Prospectus containing further information regarding, among other things, the Rights Issue, including information on acceptances of the Rights Shares and other information of the Group, the PAL(s) and EAF(s) are expected to be despatched to the Qualifying Shareholders on Thursday, 29 August 2024. The Company will, to the extent reasonably practicable and legally permitted and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, despatch the Prospectus to the Non-Qualifying Shareholders (if any) for their information only, but the Company will not send the PAL(s) and EAF(s) to the Non-Qualifying Shareholders (if any).

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

Basis of provisional allotment

The Rights Shares will be allotted on the basis of two (2) Rights Shares for every one (1) New Ordinary Share held by the Qualifying Shareholders as at the close of business on the Record Date.

The PAL relating to the Rights Shares will be enclosed with the Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Rights Shares as shown therein. Acceptance for all or any part of a Qualifying Shareholder's provisional allotment should be made only by completing a PAL and lodging the same with a remittance for the Rights Shares being accepted with the Registrar by the Latest Time for Acceptance.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

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 the fully-paid Rights Shares; and (ii) refund cheques in respect of wholly or partially unsuccessful applications for Rights Shares are expected to be sent on or before Monday, 23 September 2024 to those entitled thereto by ordinary post, at their own risk, to their registered addresses. Each allottee will receive one share certificate for all allotted Rights Shares.

Fractional entitlements to the Rights Shares

On the basis of provisional allotment of two (2) Rights Shares for every one (1) New Ordinary Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

Application for excess Rights Shares

Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Non-Qualifying Shareholders and for any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders.

Application for excess Rights Shares can be made only by duly completing and signing an EAF (in accordance with the instructions printed therein) and lodging the same with a separate cheque or banker's cashier order for the sum payable for the excess Rights Shares being applied for with the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:00 p.m. on Thursday, 12 September 2024.

The Directors will allocate the excess Rights Shares (if any) at their discretion on a fair and equitable basis on the following principles:

- (a) any excess Rights Shares will be allocated to Qualifying Shareholders who apply for them on a pro-rata basis by reference to the number of the excess Rights Shares applied for under each application;
- (b) reference will only be made to the number of excess Rights Shares being applied but no reference will be made to the Rights Shares subscribed through applications by PALs or the existing number of Shares held by Qualifying Shareholders;
- (c) if the aggregate number of Rights Shares not taken up by the Qualifying Shareholders and/or transferees of nil-paid Rights Shares under PALs is greater than the aggregate number of excess Rights Shares being applied for under EAFs, the Directors will allocate to each Qualifying Shareholder who applies for excess Rights Shares the actual number of excess Rights Shares being applied for; and
- (d) no preference will be given to applications for topping up odd lots to whole board lots.

In the event that the Board notes unusual patterns of excess applications and has reason to believe that any excess application may have been made with the intention to abuse the mechanism, such application(s) for the excess Rights Shares may be rejected at the sole discretion of the Board.

Shareholders with Shares held by a nominee (or which are held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company. Accordingly, such Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to the relevant beneficial owners individually.

Shareholders with Shares held by a nominee (or which are held in CCASS) are advised to consider whether they would like to arrange for the registration of their relevant Shares under the names of the beneficial owners prior to the Record Date for the purpose of the Rights Issue. Shareholders and investors should consult their professional advisers if they are in doubt as to their status.

Taxation

Qualifying Shareholders are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for the Rights Shares, or about purchasing, holding or disposals of, or dealings in or exercising any rights in relation to the Shares or the Rights Shares, and similarly, the Non-Qualifying Shareholders (if any) as regards their receipt of the net proceeds of sale of the 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 of the Rights Shares

The Company will apply to the GEM Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be issued and allotted pursuant to the Rights Issue. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges. Dealing in the Rights Shares in both their nil-paid and fully-paid forms will be in the board lots of 10,000 Rights Shares.

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 both 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 HKSCC and HKSCC 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.

Stamp duty and other applicable fees and charges

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

THE UNDERWRITING ARRANGEMENT

On 21 February 2024 (after trading hours), the Company and the Underwriter entered into the Underwriting Agreement, pursuant to which the Rights Shares which have not been taken up will be fully underwritten by the Underwriter and/or subscribers procured by it subject to the terms and conditions set out in the Underwriting Agreement, in particular the fulfillment of the conditions contained therein. The principal terms of the Underwriting Agreement are as follows:

Date: 21 February 2024 (after trading hours)

Issuer: the Company

Underwriter: RaffAello Securities (HK) Limited, a corporation licensed to carry on type 1 (dealing in securities) regulated activity under the SFO and its ordinary course of business includes underwriting of securities.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Underwriter and its ultimate beneficial owner(s) are Independent Third Parties. As such, the Underwriter complies with Rule 10.24A(1) of the GEM Listing Rules.

Number of Underwritten Shares and the underwriting arrangement: Pursuant to the Underwriting Agreement, the Underwritten Shares to be underwritten by the Underwriter shall be equivalent to the number of the Rights Shares, i.e. 16,672,000 Rights Shares.

The actual amount of Rights Shares to be underwritten by the Underwriter will depend on the level of subscriptions by the Qualifying Shareholders.

Commission and expenses: 7.07% of the aggregate Subscription Price in respect of the actual number of Underwritten Shares underwritten, subscribed for or procured subscription for by the Underwriter pursuant to the Underwriting Agreement.

The terms of the Underwriting Agreement (including the commission and expenses) were determined after arm's length negotiations between the Underwriter and the Company by reference to the financial position of the Group, the size of the Rights Issue and the prevailing market conditions. The Directors (excluding the members of the Independent Board Committee whose opinion will be set forth in the circular of the Company after having been advised by the Independent Financial Adviser) consider that the terms of the Underwriting Agreement, including the commission and expenses charged, are fair and reasonable and the transactions contemplated under the Underwriting Agreement are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Termination of the Underwriting Agreement

The Underwriter shall be entitled by giving written notice to the Company to terminate the Underwriting Agreement if any of the following occurs prior to the Latest Time for Termination:

- (a) any of the following which, in the reasonable opinion of the Underwriter, will or is likely to materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue:
 - (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof); and
 - (ii) the occurrence, happening, coming into effect or becoming public knowledge of:
 - (1) any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before or after the date of the Underwriting Agreement) of a political, military, financial, economic or currency (including a change in the system under which the value of HK\$ is linked to the currency of the United States of America) or other nature (whether or not such are of the same nature as any of the foregoing) or of the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities market; (2) a suspension or a material limitation in trading in securities generally on the Stock Exchange; (3) a suspension or a material limitation in trading in the Company's securities on the Stock Exchange for more than ten (10) consecutive Business Days (other than pending publication of the Announcement or any document relating to the Rights Issue); (4) a general moratorium on commercial banking activities in Hong Kong declared by the relevant authority or a material disruption in commercial banking or securities settlement or clearance services in Hong Kong; or (5) a change or development involving a prospective change in taxation affecting the Company, the Shares or the transfer thereof;
- (b) any change in the circumstances of the Company or any member of the Group occurs which in the reasonable opinion of the Underwriter will materially and adversely affect the prospects of the Company, including, without limitation, the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any member of the Group or the destruction of any material assets of the Group;

- (c) any event of force majeure occurs, including, without limitation, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, pandemic outbreak, terrorism, armed conflict, strike or lock-out;
- (d) the commencement by any third party of any litigation or claim against any member of the Group which is material to the Group taken as a whole;
- (e) any other material adverse change in relation to the business or the financial or trading position of the Group as a whole;
- (f) the Company commits a material breach of the Underwriting Agreement where, in the reasonable opinion of the Underwriter, such breach will or is likely to have a material and adverse effect on the business or the financial or trading position of the Group taken as a whole or is otherwise likely to have a material prejudicial effect on the Rights Issue;
- (g) the Underwriter receives notification from the Company of, or otherwise becomes aware of, the fact that any representation or warranty of the Company as set out in the Underwriting Agreement was, when given, untrue, inaccurate or would be untrue or inaccurate if repeated as provided in the Underwriting Agreement, and the Underwriter shall, in its reasonable discretion, determine that such untrue or inaccurate representation or warranty represents or is likely to present a material adverse change in the business or the financial or trading position of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Rights Issue;
- (h) any condition to enable the Rights Issue (in nil-paid and fully-paid forms) to be admitted as eligible securities for deposit, clearance and settlement in CCASS is not satisfied or notification is received by the Company from HKSCC that such admission or facility for holding and settlement has been or is to be refused;
- (i) any statement contained in the Announcement or any Prospectus Document has been shown to be untrue, inaccurate, incomplete or misleading in a material respect with reference to the date on which such statement was made; or
- (j) the Company shall, after any Specified Event has occurred or come to the Underwriter's attention, fail promptly to send out any announcement or circular (after the despatch of the Prospectus Documents) in such manner and with such content as the Underwriter may reasonably request for the purpose of preventing the creation of a false market in the securities of the Company and in accordance with the GEM Listing Rules and/or the SFO.

Upon the giving of notice by the Underwriter pursuant to the Underwriting Agreement, all obligations of the parties to the Underwriting Agreement shall cease and determine and no party thereto shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement, but without prejudice to any rights of any party thereto in respect of any antecedent breaches.

If the Underwriter exercises such right to terminate the Underwriting Agreement, the Rights Issue will not proceed. A further announcement will be made by the Company if the Underwriting Agreement is terminated by the Underwriter.

REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

The Company is principally engaged in investment holding. The principal activities of its subsidiaries are investment holding, provision of digital media services and provision of marketing services.

Assuming full subscription under the Rights Issue, the expected gross proceeds of the Rights Issue will be up to approximately HK\$17.3 million and the relevant expenses would be approximately HK\$2.1 million, which includes underwriting commission and professional fees payable to financial adviser, legal advisers and other parties involved in the Rights Issue. Accordingly, the estimated net proceeds of the Rights Issue, after deducting the related expenses, will be up to approximately HK\$15.2 million.

As discussed in the announcement of the Company dated 15 December 2023, the Group has established a China regional headquarters in Tai'an, Shandong Province. The establishment of this platform marks a significant milestone in the growth strategy of the Company. Given that the existing cash reserves have already been allocated for the ongoing operations and existing business of the Company, the Company shall seek additional sources of financing to secure the necessary capital to support and facilitate the execution of the expansion initiative. In order to leverage this platform to strengthen the Group's business development in Mainland China in the future, the Directors perceive the Rights Issue as a favourable opportunity to raise additional funding to provide substantial support for this platform's development endeavors.

Intended use of proceeds

Assuming full subscription under the Rights Issue, the Company intends to apply the net proceeds of approximately HK\$15.2 million from the Rights Issue (assuming no other change in the number of Shares in issue on or before the Record Date) for the following purposes:

- (i) approximately HK\$10.0 million will be used for the development of the Group's businesses in the PRC, among which the Company intends to apply (i) approximately HK\$6.0 million for the development of the on-line advertisement business based in the PRC, encompassing various expenses such as rental, renovation, fixtures for the headquarters, employee benefits, and other administrative costs; and (ii) approximately HK\$4.0 million for the development of the Group's digital social media management services and marketing services for the Group's potential customers, which are principally engaged in the sale of health products, based in the PRC, including but not limited to conducting market research in relevant segments, training local staff or engaging local partners to establish and manage networks and channels, and covering marketing and advertising expenses to promote the Group's business, enhance brand awareness, and attract customers in the new region; and

(ii) approximately HK\$5.2 million will be used for general working capital of the Group.

Fund-raising alternatives

Apart from the Rights Issue, the Board has considered various fund-raising alternatives before resolving to the Rights Issue, including but not limited to debt financing, placing of new shares and open offer. The Board notes that bank borrowings, if available, would result in additional interest burden of the Company and create pressure to the liquidity of the Company. Hence, the Board does not consider it to be beneficial to the Company. As for placing of new Shares, it would lead to immediate dilution in the shareholding interest of existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company and it is relatively smaller in scale as compared to fund raising through rights issue. As for open offer, while it is similar to a rights issue, offering Qualifying Shareholders to participate, it does not allow free trading of rights entitlements in the open market. As opposed to open offer, Rights Issue would allow Qualifying Shareholders to participate in the future development of the Company and at the same time offer more flexibility to the Qualifying Shareholders to choose whether to maintain their respective pro-rata shareholding interests in the Company and dealing with the Shares.

Having considered all the other fund-raising alternatives, the Directors are of the view that the Rights Issue is in the best interests of the Company and the Shareholders as a whole, and that it is an appropriate fund-raising method to strengthen the capital base of the Company and support the Company's continuing business development and growth.

As at the date of this announcement, save as disclosed in this announcement, the Company currently (i) does not have any agreement, arrangement, understanding, intention, or negotiation (either concluded or in process) on any potential fundraising activities; and (ii) has no other plan or intention to carry out any future corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Rights Issue.

CLOSURE OF REGISTER OF MEMBERS OF THE COMPANY

The register of members of the Company will be closed from Monday, 8 April 2024 to Friday, 12 April 2024 for determining the entitlements of the Shareholders to attend and vote at the EGM, and will further be closed from Thursday, 22 August 2024 to Wednesday, 28 August 2024 (both days inclusive) for determining the entitlements to the Rights Issue, during which period no transfer of Shares will be registered.

EXPECTED TIMETABLE FOR THE CAPITAL REORGANISATION AND THE RIGHTS ISSUE

Set out below is the expected timetable for the Capital Reorganisation and the Rights Issue, which is subject to the results of the EGM and has been prepared on the assumption that all the conditions to the Share Consolidation, the Capital Reduction, the Sub-division and the Rights Issue, will be fulfilled or otherwise waived, and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this announcement refer to the Hong Kong local times and dates:

Event	Timeline
Expected despatch date of the circular, proxy form and notice of the EGM.	Monday, 18 March 2024
Latest time for lodging transfer documents of the Shares to qualify for attendance and voting at the EGM	4:30 p.m. on Friday, 5 April 2024
Closure of register of members of the Company to determine the entitlements of the Shareholders to attend and vote at the EGM	Monday, 8 April 2024 to Friday, 12 April 2024 (both days inclusive)
Latest time for lodging proxy forms for the EGM	11:00 a.m. on Wednesday, 10 April 2024
Record date for attending and voting at the EGM	Friday, 12 April 2024
Expected time and date of the EGM	11:00 a.m. on Friday, 12 April 2024
Announcement of poll results of the EGM.	Friday, 12 April 2024
Re-opening of the register of members of the Company	Monday, 15 April 2024

The following events are conditional on the fulfilment of the conditions for the implementation of the Share Consolidation and therefore the dates are tentative:

Event	Timeline
Effective date of the Share Consolidation	Tuesday, 16 April 2024
First day of free exchange of existing share certificates of the Existing Shares for new share certificates for the Consolidated Shares	Tuesday, 16 April 2024
Commencement of dealings in the Consolidated Shares	9:00 a.m. on Tuesday, 16 April 2024
Original counter for trading in the Existing Shares in board lots of 10,000 Existing Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Tuesday, 16 April 2024
Temporary counter for trading in the Consolidated Shares in temporary board lots of 500 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Tuesday, 16 April 2024
Original counter for trading in the Consolidated Shares in board lot of 10,000 Consolidated Shares (in the form of new share certificates for Consolidated Shares) re-opens	9:00 a.m. on Tuesday, 30 April 2024
Parallel trading in the Existing Shares and the Consolidated Shares (in the form of existing share certificates of the Existing Shares and new share certificates of the Consolidated Shares) commences	9:00 a.m. on Tuesday, 30 April 2024
Designated broker starts to stand in the market to provide matching services for sale and purchase of odd lots of the Consolidated Shares.	9:00 a.m. on Tuesday, 30 April 2024
Designated broker ceases to stand in the market to provide matching services for sale and purchase of odd lots of the Consolidated Shares.	4:00 p.m. on Wednesday, 22 May 2024

Event	Timeline
Temporary counter for trading in the Consolidated Shares in temporary board lot of 500 Consolidated Shares (in the form of existing share certificates) closes	4:10 p.m. on Wednesday, 22 May 2024
Parallel trading in the Existing Shares and the Consolidated Shares (in the form of existing share certificates of the Existing Shares and new share certificates of the Consolidated Shares) ends	4:10 p.m. on Wednesday, 22 May 2024
Last day for free exchange of existing share certificates of the Existing Shares for new share certificates for the Consolidated Shares.	Friday, 24 May 2024

The following events are conditional on the fulfilment of the conditions for the implementation of the Capital Reduction and the Sub-division and therefore the dates are tentative:

Event	Timeline
Expected effective time of the Capital Reduction and the Sub-division	Before 9:00 a.m. on Friday, 12 July 2024
First day of free exchange of existing share certificates of the Consolidated Shares for new share certificates for the New Ordinary Shares	Friday, 12 July 2024
Last day for free exchange of existing share certificates of the Consolidated Shares for new share certificates for the New Ordinary Shares	Monday, 19 August 2024

The following events are conditional on the fulfilment of the condition(s) for the implementation of the Rights Issue:

Event	Timeline
Last day of dealings in the New Ordinary Shares on a cum-rights basis of the Rights Issue.	Monday, 19 August 2024
First day of dealings in the New Ordinary Shares on an ex-rights basis of the Rights Issue	Tuesday, 20 August 2024
Latest time for lodging transfer documents of the New Ordinary Shares to qualify for the Rights Issue	4:30 p.m. on Wednesday, 21 August 2024
Closure of register of members of the Company to determine the entitlements to the Rights Issue	Thursday, 22 August 2024 to Wednesday, 28 August 2024 (both days inclusive)
Record Date for determining entitlements to the Rights Issue.	Wednesday, 28 August 2024
Re-opening of the register of members of the Company	Thursday, 29 August 2024
Expected publication date of the Prospectus Documents (including the Prospectus, the PAL(s) and the EAF(s); and in the case of the Non-Qualifying Shareholders, the Prospectus only)	Thursday, 29 August 2024
First day of dealings in nil-paid Rights Shares in the board lot size of 10,000 Rights Shares	Monday, 2 September 2024
Latest time for splitting of the PAL(s).	4:30 p.m. on Wednesday, 4 September 2024
Last day of dealings in nil-paid Rights Shares in the board lot size of 10,000 Rights Shares	Monday, 9 September 2024
Latest time for acceptance of, and payment for, the Rights Shares and application for and payment for the excess Rights Shares	4:00 p.m. on Thursday, 12 September 2024
Latest time for termination of the Underwriting Agreement and for the Rights Issue to become unconditional	4:00 p.m. on Friday, 13 September 2024

Event	Timeline
Announcement of results of the Rights Issue	Friday, 20 September 2024
Despatch of share certificates for fully-paid Rights Shares	Monday, 23 September 2024
Refund cheques in relation to unsuccessful applications for wholly or partially unsuccessful excess applications or if the Rights Issue is terminated or rescinded, if any, to be despatched	Monday, 23 September 2024
Expected commencement of dealings in fully-paid Rights Shares in the board lot size of 10,000 Rights Shares.	9:00 a.m. on Tuesday, 24 September 2024

Dates or deadlines specified in the expected timetable above or in other parts of this announcement are indicative only and may be extended or varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate in accordance with the GEM Listing Rules.

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

The Latest Time for Acceptance of and payment for Rights Shares will not take place at the time indicated above if there is a tropical cyclone warning signal number 8 or above, a “black” rainstorm warning or “extreme conditions” is announced by the Government of Hong Kong:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Thursday, 12 September 2024. Instead, the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Thursday, 12 September 2024. Instead, the latest time for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

If the Latest Time for Acceptance of and payment for the Rights Shares does not take place on Thursday, 12 September 2024, the dates mentioned in the section headed “EXPECTED TIMETABLE FOR THE CAPITAL REORGANISATION AND THE RIGHTS ISSUE” above may be affected. The Company will notify the Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company, assuming there is no further issue or repurchase of Existing Shares or Consolidated Shares or New Ordinary Shares (as the case may be) before completion of the Rights Issue other than the allotment and issue of the Rights Shares pursuant to the Rights Issue, (i) as at the date of this announcement; (ii) immediately upon completion of the Capital Reorganisation; (iii) immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by the Qualifying Shareholders; and (iv) immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and all Unsubscribed Rights Shares have been underwritten by the Underwriter:

Shareholders	As at the date of this announcement		Immediately upon completion of the Capital Reorganisation		Immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by the Qualifying Shareholders		Immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and all Unsubscribed Rights Shares have been underwritten by the Underwriter	
	No. of Existing Shares		No. of New Ordinary Shares		No. of New Ordinary Shares		No. of New Ordinary Shares	
Mr. Yin	48,370,000	29.01%	2,418,500	29.01%	7,255,500	29.01%	2,418,500	9.67%
Mr. Liu	8,330,000	5.00%	416,500	5.00%	1,249,500	5.00%	416,500	1.67%
The Underwriter and/or its subscriber(s) procured by it (Note 1)	–	0.00%	–	0.00%	–	0.00%	16,672,000	66.67%
Other public Shareholders	110,020,000	65.99%	5,501,000	65.99%	16,503,000	65.99%	5,501,000	21.99%
Total	166,720,000	100.00%	8,336,000	100.00%	25,008,000	100.00%	25,008,000	100.00%

Notes:

1. This scenario is for illustrative purpose only. Pursuant to the Underwriting Agreement, the Underwriter unconditionally and irrevocably undertakes to the Company that in the event the Underwriter or any of its sub-underwriters is called upon to subscribe or procure subscription of the Underwritten Shares:
 - (a) without affecting the Underwriter's obligation to underwrite all the Underwritten Shares under the Underwriting Agreement, whether to underwrite the same by itself or procure sub-underwriting of the same, the Underwriter shall not subscribe, for its own account, for such number of Underwritten Shares which will result in the shareholding of it and parties acting in concert (within the meaning of the Takeovers Code) with it in the Company to trigger a mandatory offer obligation under rule 26 of the Takeovers Code on the part of the Underwriter and parties acting in concert (within the meaning of the Takeovers Code) with it upon completion of the Rights Issue;

- (b) the Underwriter shall and shall cause its sub-underwriters to use its best endeavours to ensure that (i) each of the sub-underwriters, subscribers or purchasers of the Underwritten Shares procured by it shall be an Independent Third Party, not acting in concert (within the meaning of the Takeovers Code) with, and not connected with the Company, any of the Directors, chief executives or substantial shareholders of the Company or their respective associates; and (ii) none of the persons to be procured by it and its sub-underwriters to subscribe for the Shares not taken up by the Qualifying Shareholders will be holding 9.9% or more of the total issued share capital of the Company immediately after completion of the Rights Issue; and
 - (c) the Underwriter shall and shall cause its sub-underwriters to use its best endeavours to ensure and procure that the minimum public float requirement under Rule 11.23 of the GEM Listing Rules be fulfilled by the Company upon completion of the Rights issue.
2. Certain percentage figures included in the table above have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

Shareholders and public investors should note that the above shareholding changes are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including the results of acceptance of the Rights Shares. Further announcements will be made by the Company in accordance with the GEM Listing Rules following the completion of the Rights Issue upon which the Rights Shares are allotted and issued.

The public float requirements under the GEM Listing Rules shall be maintained by the Company at all times, and the Company will take all appropriate steps to ensure that sufficient public float shall be at all times in compliance with Rule 11.23 of the GEM Listing Rules.

EQUITY FUND RAISING ACTIVITY OF THE COMPANY IN THE PAST 12 MONTHS

The Company had not carried out any equity fundraising activities in the 12 months immediately preceding the date of this announcement.

GEM LISTING RULES IMPLICATIONS

The Capital Reorganisation

The Capital Reorganisation is conditional upon, among other things, (i) the passing of an ordinary resolution by the Shareholders at the EGM approving the proposed Share Consolidation; and (ii) the passing of a special resolution by the Shareholders at the EGM approving the proposed Capital Reduction and the Sub-division.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as none of the Shareholders or their associates would have any interest in the Capital Reorganisation, no Shareholder would be required to abstain from voting in favour of the resolutions relating to the Capital Reorganisation at the EGM.

The Rights Issue

In accordance with Rule 10.29(1) of the GEM Listing Rules, as the Rights Issue will increase the total number of issued Shares or the market capitalisation of the Company by more than 50% within the 12-month period immediately preceding the date of this announcement (after taking into account the effect of the Capital Reorganisation), the Rights Issue must be made conditional on approval by the Shareholders at the EGM, and any controlling shareholders of the Company and their respective associates, or where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the proposed Rights Issue.

As at the date of this announcement, the Company has no controlling Shareholder as defined under the GEM Listing Rules. Mr. Yin, the chairman and chief executive officer of the Company and an executive Director, beneficially owns 48,370,000 Existing Shares in aggregate, representing approximately 29.01% of the entire issued share capital of the Company as at the date of this announcement. Mr. Liu, an executive Director, beneficially owns 8,330,000 Existing Shares in aggregate, representing approximately 5.00% of the entire issued share capital of the Company as at the date of this announcement. In addition, Mr. Alan Yip, Ms. Karin Wan and Mr. Jeff Ng (the executive Directors of the Company) and Ms. Wang Lai Man, Liza (“**Ms. Liza Wang**”) are parties acting in concert with each other, and are together interested in an aggregate of 10,000 Existing Shares, representing in aggregate approximately 0.006% of the entire issued share capital of the Company as at the date of this announcement. Accordingly, Mr. Yin, Mr. Liu, Mr. Alan Yip, Ms. Karin Wan and Mr. Jeff Ng (and their associates) and Ms. Liza Wang are required to abstain from voting in favour of the proposed resolution(s) to approve the Rights Issue at the EGM in accordance with Rule 10.29(1) of the GEM Listing Rules. Save as disclosed above, no other Directors are interested in the Shares of the Company as at the date of this announcement. Accordingly, no other Shareholder is required to abstain from voting in favour of the relevant resolution(s) of the proposed Rights Issue at the EGM.

The Company has not conducted any rights issue, open offer or specific mandate placings within the 12-month period immediately preceding the date of this announcement, or prior to such 12-month period where dealing in respect of the Existing Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities as part of any rights issue, open offer and/or specific mandate placings within such 12-month period.

The Rights Issue will not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 10.44A of the GEM Listing Rules.

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Company has established the Independent Board Committee, comprising all the independent non-executive Directors, namely Ms. Fu Hongzhi, Mr. Bian Wencheng and Mr. Hong Ming Sang, to advise the Independent Shareholders as to whether the terms of the Rights Issue and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM, taking into account the recommendations of the Independent Financial Adviser.

In this connection, Dakin Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Rights Issue and the transactions contemplated thereunder, and as to voting.

GENERAL

A circular containing, among other matters, (i) further details of the Capital Reorganisation; (ii) further details of the Rights Issue and the Underwriting Agreement; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Rights Issue and the transactions contemplated thereunder; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue and the transactions contemplated thereunder; and (v) a notice of the EGM, is expected to be despatched on or before Monday, 18 March 2024. Upon fulfilment of certain conditions of the Rights Issue, the Prospectus Documents will be made available and/or sent (as the case may be) to the Qualifying Shareholders on or before the Prospectus Posting Date. The Company will, to the extent reasonably practicable and legally permitted and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, make available and/or sent (as the case may be) the Prospectus to the Non-Qualifying Shareholders (if any) for their information only, but the Company will not send the PAL(s) and the EAF(s) to the Non-Qualifying Shareholders (if any).

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

Shareholders and potential investors of the Company should note that the Capital Reorganisation is conditional upon the satisfaction of the conditions as set out in the paragraphs headed “Conditions of the Share Consolidation” and “Conditions of the Capital Reduction and the Sub-division” in this announcement, and may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares of the Company.

The Rights Issue is subject to the fulfilment of conditions including, among other things, the GEM Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed “Conditions of the Rights Issue” in this announcement. Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not satisfied, the Rights Issue will not proceed.

Any dealings 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 Shareholders 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 and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the Rights Shares. Any Shareholders or other persons contemplating any dealings in the Shares and/or Rights Shares in nil-paid form are recommended to consult their professional advisers. The Company will make further announcement(s) with regard to the status of the abovementioned transactions as and when appropriate pursuant to the requirements under the GEM Listing Rules, as appropriate.

DEFINITIONS

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

“acting in concert”	has the same meaning ascribed to it under the Takeovers Code
“AFRC”	the Accounting and Financial Reporting Council of Hong Kong
“associate(s)”	has the same meaning ascribed to it under the GEM Listing Rules
“Board”	the board of directors of the Company
“Business Day(s)”	means a day (other than a Saturday and a day on which “extreme conditions” is announced by the Government of Hong Kong or a tropical cyclone warning no. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time 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 signal 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 business throughout their normal business hours

“Capital Reduction”	the proposed reduction of the issued share capital of the Company whereby (a) any fractional Consolidated Share in the issued share capital of the Company arising from the Share Consolidation will be cancelled; and (b) the par value of each issued Consolidated Share will be reduced from HK\$2.00 to HK\$0.01 by cancelling the paid-up share capital to the extent of HK\$1.99 per issued Consolidated Share
“Capital Reorganisation”	collectively, the Share Consolidation, the Capital Reduction and the Sub-division
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“China” or “Mainland China” or “PRC”	the People’s Republic of China, which for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Companies Act”	the Companies Act, Cap. 22 (As Revised), of the Cayman Islands as consolidated and revised
“Company”	Guoen Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM (stock code: 8121)
“Consolidated Share(s)”	ordinary share(s) with par value of HK\$2.00 each in the share capital of the Company immediately upon the Share Consolidation becoming effective but prior to the Capital Reduction and the Sub-division becoming effective
“controlling shareholder(s)”	has the same meaning ascribed to it under the GEM Listing Rules
“Court”	the Grand Court of the Cayman Islands
“Director”	the director(s) of the Company
“EAF(s)”	the form(s) of application for excess Rights Shares to be issued in connection with the Rights Issue
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the proposed Capital Reorganisation and the proposed Rights Issue
“Existing Share(s)”	ordinary share(s) with par value of HK\$0.10 each in the share capital of the Company prior to the Capital Reorganisation becoming effective

“GEM”	GEM operated by the Stock Exchange
“GEM Listing Committee”	has the same meaning ascribed to it under the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“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 Board Committee”	an independent board committee of the Company comprising all the independent non-executive Directors, which has been established under the GEM Listing Rules to advise the Independent Shareholders in respect of the Rights Issue and the transactions contemplated thereunder
“Independent Financial Adviser”	Dakin Capital Limited, a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Independent Board Committee to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Rights Issue and the transactions contemplated thereunder, and as to voting
“Independent Shareholder(s)”	any Shareholder(s) who are not required to abstain from voting at the EGM under the GEM Listing Rules
“Independent Third Party(ies)”	any persons or company and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquires, are third parties independent of and not connected with the Company and its connected persons (or any of their respective associate)
“Last Trading Day”	21 February 2024, being the last trading day of the Shares on the Stock Exchange before the release of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Thursday, 12 September 2024 or such later time or date as may be determined by the Company, being the latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus Documents

“Latest Time for Termination”	4:00 p.m. on Friday, 13 September 2024 or such later time or date for the termination of the Underwriting Agreement
“Mr. Alan Yip”	Mr. Yip Shek Lun, an executive Director of the Company
“Mr. Jeff Ng”	Mr. Ng Chi Fung, an executive Director of the Company
“Mr. Liu”	Mr. Liu Liping, an executive Director of the Company
“Mr. Yin”	Mr. Yin Di, the chairman and chief executive officer of the Company and an executive Director of the Company
“Ms. Karin Wan”	Ms. Wan Wai Ting, an executive Director of the Company
“New Ordinary Share(s)”	ordinary share(s) with par value of HK\$0.01 each in the share capital of the Company immediately upon the Capital Reorganisation becoming effective
“Non-Qualifying Shareholder(s)”	the Overseas Shareholder(s) whom the Board considers necessary or expedient to exclude from the Rights Issue on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose registered address(es) as shown on such register at that time is (are) in (a) place(s) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Prospectus”	the prospectus to be despatched to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	collectively, the Prospectus, PAL and EAF
“Prospectus Posting Date”	Thursday, 29 August 2024 or such other date as may be agreed by the Company, being the expected date the Prospectus Documents will be made available and/or sent (as the case may be) to the Qualifying Shareholders and the Prospectus for information only to the Non-Qualifying Shareholders

“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholders, whose name(s) appear(s) on the register of members of the Company on the Record Date
“Record Date”	Wednesday, 28 August 2024 or such other date as may be determined by the Company, being the date by reference to which the Shareholders’ entitlements to the Rights Issue are to be determined
“Registrar”	Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company
“Rights Issue”	the proposed issue of the Rights Shares on the basis of two (2) Rights Shares for every one (1) New Ordinary Share held on the Record Date at the Subscription Price pursuant to the Prospectus Documents
“Rights Share(s)”	up to 16,672,000 New Ordinary Shares proposed to be allotted and issued by the Company to the Qualifying Shareholders pursuant to the Rights Issue, assuming no change in the number of New Ordinary Shares in issue on or before the Record Date
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong)
“Share(s)”	the Existing Share(s), the Consolidated Share(s) and/or the New Ordinary Share(s), as the case may be
“Share Consolidation”	the proposed consolidation of every twenty (20) issued and unissued Existing Shares with par value of HK\$0.10 each in the share capital of the Company into one (1) Consolidated Share with par value of HK\$2.00 each
“Shareholder(s)”	holder(s) of issued Share(s)
“Specified Event”	an event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties contained under the Underwriting Agreement untrue or inaccurate in a material respect
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Sub-division”	the proposed sub-division of each authorised but unissued Consolidated Share with par value of HK\$2.00 each into 200 authorised but unissued New Ordinary Shares with par value of HK\$0.01 each
“Subscription Price”	HK\$1.04 per Rights Share
“substantial shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriter”	RaffAello Securities (HK) Limited, a corporation licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO, and its ordinary course of business includes underwriting of securities
“Underwriting Agreement”	the Underwriting Agreement dated 21 February 2024 and entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Shares”	the Rights Shares that are conditionally underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement
“Unsubscribed Rights Shares”	the Rights Shares that are not subscribed by the Qualifying Shareholders or renounee(s) or transferee(s) of the nil-paid Rights under PAL(s)
“%”	per cent.

By the Order of the Board

Guoen Holdings Limited

Yin Di

*Chief Executive Officer, Chairman of the Board and
Executive Director*

Hong Kong, 21 February 2024

As at the date of this announcement, the executive Directors are Mr. Yin Di, Mr. Yip Shek Lun, Mr. Ng Chi Fung, Mr. Liu Liping and Ms. Wan Wai Ting; and the independent non-executive Directors are Ms. Fu Hongzhi, Mr. Bian Wencheng and Mr. Hong Ming Sang.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the Stock Exchange's website at www.hkexnews.hk on the "Latest Listed Company Information" page for at least 7 days from the date of its publication. This announcement will also be published on the Company's website at www.guruonline.com.hk.