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優創金融  
YOUTH CHAMP FINANCIAL

**優創金融集團控股有限公司**  
**YOUTH CHAMP FINANCIAL GROUP HOLDINGS LIMITED**  
*(Incorporated in Bermuda with limited liability)*  
**(Stock code: 1160)**

**PROPOSED RIGHTS ISSUE ON THE BASIS OF  
ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING SHARES  
HELD ON THE RECORD DATE ON A  
NON-FULLY UNDERWRITTEN BASIS**

**PROPOSED RIGHTS ISSUE**

The Board proposed to raise up to approximately HK\$58,752,000 on the basis of one (1) Rights Share for every two (2) Shares held on the Record Date by issuing 86,400,000 Rights Shares at the Subscription Price of HK\$0.68 per Rights Share (assuming no further issue of new Share(s) and no repurchase of Share(s) by the Company on or before the Record Date). The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Excluded Shareholder(s) (if any).

The estimated net proceeds (after the deduction of the costs and expenses relating to the Rights Issue) will be approximately HK\$56,152,000 (assuming no further issue of new Share(s) and no repurchase of Share(s) by the Company on or before the Record Date), if fully subscribed. The Company intends to apply the net proceeds from the Rights Issue for (i) repayment in full of a loan and related interests from a licensed money lender of approximately HK\$5,100,000; (ii) future investments and business development pursuant to the investment objectives of the Company of approximately HK\$41,642,000; and (iii) general working capital of the Company of approximately HK\$9,410,000.

## **THE PLACING AGREEMENT**

On 6 January 2022 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to procure Placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares and the ES Unsold Rights Shares.

## **THE UNDERWRITING AGREEMENT**

On 6 January 2022 (after trading hours), the Company and the Underwriter entered into the Underwriting Agreement, pursuant to which the Underwriter has conditionally agreed to underwrite on a non-fully underwritten basis up to 21,900,000 Rights Shares.

Subject to the terms set out in the Underwriting Agreement, if and to the extent that at the Latest Time for Compensatory Arrangements, there shall be any Unsubscribed Rights Shares and ES Unsold Rights Shares which have not been successfully placed out by the Placing Agent under the Compensatory Arrangements, then the Underwriter shall subscribe or procure subscription for a maximum of 21,900,000 Rights Shares pursuant to the allocations under the terms set out in the Underwriting Agreement and on the terms as set out in the Prospectus Documents. The maximum underwriting commitment of the Underwriter shall be 21,900,000 Rights Shares.

### **Listing Rules implications**

As the Rights Issue will neither increase the total issued shares nor the market capitalisation of the Company by more than 50%, the Rights Issue is not required to be approved by the Shareholders in a general meeting under the Listing Rules. Further, the Rights Issue will not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

## **GENERAL**

The Prospectus Documents containing further details of the Rights Issue are expected to be despatched to the Qualifying Shareholders on or around 27 January 2022, and the Prospectus will be despatched to the Excluded Shareholders for information purposes subject to the advice of the Company's legal advisers in the relevant jurisdictions and only to the extent permitted under the relevant laws and regulations and reasonably practicable.

## **WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND NIL-PAID RIGHTS**

The Rights Issue is subject to the fulfilment of certain conditions as described under the section headed “Conditions of the Rights Issue” in this announcement. In particular, it is subject to the Underwriter not terminating the Underwriting Agreement (please see the section headed “Termination of the Underwriting Agreement” below) prior to the Latest Time for Termination. 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.

The Rights Issue will proceed on a non-fully underwritten basis. Save for the Underwritten Shares, there is no requirement for a minimum level of subscription. Subject to fulfillment of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level.

Investors’ attention is drawn to the section headed “WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS” in this announcement. Shareholders and potential investors of the Company are advised to exercise caution when dealings in the Shares or the nil-paid Rights Shares (as appropriate) up to the date when the conditions of the Rights Issue are fulfilled.

## **PROPOSED RIGHTS ISSUE**

The Board proposed to raise up to approximately HK\$58,752,000 on the basis of one (1) Rights Share for every two (2) Shares held on the Record Date by issuing 86,400,000 Rights Shares at the Subscription Price of HK\$0.68 per Rights Share (assuming no further issue of new Share(s) and no repurchase of Share(s) by the Company on or before the Record Date).

Further details of the Rights Issue are set out below:

### **Issue statistics**

Basis of the Rights Issue	:	One (1) Rights Share for every two (2) Shares held at the close of business on the Record Date
Subscription Price	:	HK\$0.68 per Rights Share
Number of Shares in issue as at the date of this announcement	:	172,800,000 Shares

Number of Rights Shares	:	Up to 86,400,000 Rights Shares with an aggregate nominal value of approximately HK\$8,640,000 but not fewer than 21,900,000 Rights Shares with an aggregate nominal value of approximately HK\$2,190,000, assuming no further issue of new Share(s) and no repurchase of Share(s) on or before the Record Date
Number of issued shares of the Company upon completion of the Rights Issue	:	Up to 259,200,000 Shares but not fewer than 194,700,000 Shares, assuming no further issue of new Share(s) other than the Rights Shares and no repurchase of Share(s) on or before the Record Date
Amount to be raised	:	Up to approximately HK\$58,752,000 but not less than approximately HK\$14,892,000 before expenses, assuming no further issue of new Share(s) other than the Rights Shares and no repurchase of Share(s) on or before the Record Date

As at the date of this announcement, the Company does not have any options outstanding under any share option scheme of the Company or any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares.

The nil-paid Rights Shares proposed to be provisionally allotted pursuant to the terms of the Rights Issue represents 50% of the Company's issued share capital as at the date of this announcement and approximately 33.3% of the Company's issued share capital as enlarged by the allotment and issue of the Rights Shares immediately after completion of the Rights Issue assuming no further issue of new Share(s) other than the Rights Shares and no repurchase of Share(s) on or before completion of the Rights Issue.

### **Non-fully underwritten basis**

The Rights Issue will proceed on a non-fully underwritten basis. Save for the Underwritten Shares, there is no requirement for a minimum level of subscription. Subject to the fulfillment of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level.

As the Rights Issue will proceed on a non-fully underwritten basis, the Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance with the note to Rule 7.19(5) of the Listing Rules.

## Subscription Price

The Subscription Price for the Rights Shares is HK\$0.68 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, when a renouncee of any provisional allotment of the Rights Shares or a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (a) a discount of approximately 60% to the closing price of HK\$1.70 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 50% to the theoretical ex-rights price of approximately HK\$1.36 per Share based on the closing price of HK\$1.70 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a discount of approximately 60% to the average of the closing prices of approximately HK\$1.70 per Share based on the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day; and
- (d) a discount of approximately 60% to the average of the closing prices of HK\$1.70 per Share based on the closing prices of the Shares as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day.

The Subscription Price was set at a discount to the recent closing prices of the Shares aiming at lowering the further investment cost of the Shareholders so as to encourage them to take up their entitlements to maintain their shareholdings in the Company, thereby minimising possible dilution impact. The Subscription Price was determined by the Company with reference to, among other things, the recent market price and trading liquidity of the Shares, the prevailing market conditions, the latest financial position of the Group and the amount of funds and capital needs and the reasons for the Rights Issue as set out in the section headed “REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS” in this announcement. All Qualifying Shareholders are entitled to subscribe for the Rights Shares in the same proportion to their existing shareholding in the Company held on the Record Date so as to maintain their proportionate interests in the Company and participate in the future growth of the Group.

The Directors consider that, despite any potential dilution impact of the Rights Issue on the shareholding interests of the Shareholders, the terms and structure of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole, after taking into account the following factors: (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue are able to sell the nil-paid rights in the market; (ii) the Qualifying Shareholders who choose to accept their provisional entitlements in full can maintain their respective existing shareholding interests in the

Company after the Rights Issue; and (iii) the Rights Issue allows the Qualifying Shareholders an opportunity to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a relatively low price as compared to the recent market price of the Shares.

Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue. The possible maximum dilution to shareholdings of those Qualifying Shareholders who do not subscribe to the Rights Issue is approximately 33.3%. The theoretical dilution effect of the Rights Issue is approximately 20% which is below 25% as required under Rule 7.27B of the Listing Rules.

The Directors are of the view that the terms and structure of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders, and that all Qualifying Shareholders are treated equally. The net price per Rights Share (i.e. the Subscription Price less cost and expenses incurred in the Rights Issue) is estimated to be approximately HK\$0.65, if fully subscribed.

### **Qualifying Shareholders**

The Rights Issue is only available to the Qualifying Shareholders. 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 an Excluded Shareholder.

In order to be registered as members of the Company at the close of business on the Record Date, a Shareholder must lodge the relevant transfer(s) of Share(s) (together with the relevant share certificates) with the Registrar at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 19 January 2022.

Shareholders with their Shares held by a nominee (or 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.

Shareholders with their Shares held by a nominee (or held in CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date. For investors whose Shares are held by a nominee (or held in CCASS) and would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the Registrar at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 19 January 2022.

The Qualifying Shareholders who take up their pro-rata entitlement in full will not experience any dilution to their interests in the Company. **If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.**



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

### **Closure of register of members**

The register of members of the Company will be closed from Thursday, 20 January 2022 to Wednesday, 26 January 2022 (both dates inclusive) for determining the entitlements to the Rights Issue. No transfer of Shares will be registered during the above book closure period.

### **Basis of provisional allotments**

The basis of the provisional allotment shall be one (1) Rights Share for every two (2) Shares 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. 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.

### **Rights of Overseas Shareholders**

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders, if any, may not be eligible to take part in the Rights Issue as explained below.

The Company will comply with Rule 13.36(2)(a) of the Listing Rules and make enquiries regarding the feasibility of extending the offer of the Rights Shares to the Overseas Shareholders, if any. If, based on the legal opinions to be provided by the legal advisers to the Company, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders taking into account of either the legal restrictions under the laws of the place(s) of their registered address(es) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in such place(s), the Rights Issue will not be extended to such Overseas Shareholders.

The Company will send the Prospectus to the Excluded Shareholders (if any) for their information only, but will not send any PAL to them.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders, to be sold in the market in their nil-paid form during the period from 9:00 a.m. on Monday, 31 January 2022 to 4:00 p.m. on Thursday, 10 February 2022 if a premium (net of expenses) can be obtained. The proceeds from such sale, less expenses, of more than HK\$100 will be paid on pro-rata basis to the relevant Excluded Shareholders.

In view of administrative costs, the Company will retain individual amounts of HK\$100 or less for its own benefit.

Any ES Unsold Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders in nil-paid form, will be placed by the Placing Agent at the price at least equal to the Subscription Price under the Placing Arrangement together with the Unsubscribed Rights Shares. Any Unsubscribed Rights Shares and the ES Unsold Rights Shares remain not placed after completion of the Placing Arrangement will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement. For the nil-paid Rights Shares that were sold as described above and the buyer of such nil-paid Rights Shares who will not take up the entitlement, such Unsubscribed Rights Shares will be subject to the Compensatory Arrangements.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.

**The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.**

### **Status of Rights Shares**

The Rights Shares, when allotted and fully paid, will rank pari passu in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions, which are declared, made or paid, on or after the record date of which is after the date of allotment of the Rights Shares in their fully-paid form. Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

### **Share certificates and refund cheques for the Rights Issue**

Subject to the fulfillment of the conditions of the Rights Issue, share certificates for all fully paid Rights Shares are expected to be posted on or before Friday, 4 March 2022 by ordinary post to the allottees, at their own risk, to their registered addresses. Each Shareholder will receive one share certificate for all allotted Shares.



## **Fractions of the Rights Shares**

The Company will not provisionally allot fractions of Rights Shares in nil-paid form to the Qualifying Shareholders. All fractions of Rights Shares will be aggregated (and rounded down to the nearest whole number) and all nil-paid Rights Shares arising from such aggregation will be sold in the market for the benefit of the Company if a premium (net of expenses) can be achieved.

## **Arrangement on odd lot trading**

In order to facilitate the trading of odd lots (if any), the Company will arrange odd lot matching services during Monday, 7 March 2022 to Friday, 25 March 2022 (both dates inclusive). Shareholders should note that matching of the sale and purchase of odd lots of the Shares is on a best effort basis and successful matching of the sale and purchase of such odd lots is not guaranteed. Further details in respect of the odd lots arrangement will be set out in the Prospectus Documents to be despatched by the Company in relation to the Rights Issue.

## **Application for listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue. The nil-paid Rights Shares shall have the same board lot size as the Shares, i.e. 100,000 Shares in one board lot. No part of the share capital of the Company is listed or dealt in or on which listing or permission to deal in is being or is proposed to be sought on any stock exchange other than the Stock Exchange.

## **Rights Shares will be eligible for admission in CCASS**

Subject to the granting of the approval for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, 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 their respective commencement dates of dealings on the Stock Exchange or such other dates as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

## **Stamp duty and other applicable fees**

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

## **Taxation**

Shareholders are advised to consult their professional advisers if they are in any doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the Rights Shares and, regarding the Excluded Shareholders, their receipt of the net proceeds, if any, from sale of the nil-paid Rights Shares on their behalf.

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

Pursuant to Rule 7.21(1)(b) of the Listing Rules, the Company must make arrangements to dispose of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by offering the Unsubscribed Rights Shares and the ES Unsold Rights Shares to independent placees for the benefit of the Shareholders to whom they were offered by way of the rights. There will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 7.21(1)(a) of the Listing Rules.

The Company therefore appointed the Placing Agent to place the Unsubscribed Rights Shares and the ES Unsold Rights Shares after the Latest Time for Acceptance to independent placees on a best effort basis, and any premium (net of expenses) over the Subscription Price for those Rights Shares that is realised will be paid to the No Action Shareholders and Excluded Shareholders on a pro-rata basis.

The Placing Agent will, on a best effort basis, procure, by not later than 5:00 p.m., on Wednesday, 2 March 2022, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and the ES Unsold Rights Shares at a price at least equal to the Subscription Price. Subject to the terms set out in the Underwriting Agreement, if and to the extent that at the Latest Time for Compensatory Arrangements, there shall be any Unsubscribed Rights Shares and ES Unsold Rights Shares which have not been successfully placed out by the Placing Agent under the Compensatory Arrangements, then the Underwriter shall subscribe or procure subscription for a maximum of 21,900,000 Rights Shares pursuant to the allocations under the terms set out in the Underwriting Agreement and on the terms as set out in the Prospectus Documents.

Net Gain (if any) will be paid (without interest) on pro-rata basis (on the basis of all Unsubscribed Rights Shares and ES Unsold Rights Shares) to the No Action Shareholders and the Excluded Shareholders (but rounded down to the nearest cent) as set out below:

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

**It is proposed that Net Gain to any of the No Action Shareholder(s) or Excluded Shareholder(s) mentioned in (i) to (ii) above which is in an amount of HK\$100 or more will be paid to them in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit.**

## **THE PLACING AGREEMENT**

On 6 January 2022 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to procure Placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares and the ES Unsold Rights Shares. Details of the Placing Agreement are as follows:

- Date : 6 January 2022 (after trading hours)
- Issuer : the Company
- Placing Agent : Gransing Securities Co., Limited was appointed as the Placing Agent to procure, on a best effort basis, Placees to subscribe for the Unsubscribed Rights Shares and the ES Unsold Rights Shares.

The Placing Agent confirmed that it is independent of and not connected with the Company and its connected persons or any of their respective associates.

- Placing price of each of the Unsubscribed Rights Share and/or the ES Unsold Rights Share (as the case maybe) : The placing price of each of the Unsubscribed Rights Shares and/or the ES Unsold Rights Share (as the case maybe) shall be at least equal to the Subscription Price.

The determination of the final price is dependent on the demand and market conditions of the Unsubscribed Rights Shares and the ES Unsold Rights during the process of placement.

Commission : 3.5% of the amount which is equal to the Placing Price multiplied by the Unsubscribed Rights Shares and ES Unsold Rights Shares that have been successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement.

The commission is not payable by the Company to the Placing Agent if the Placing Agreement has not become unconditional or is otherwise terminated in accordance with its terms.

Placees : The Unsubscribed Rights Shares and the ES Unsold Rights Shares are expected to be placed to the Placee(s) (i) who and whose ultimate beneficial owner(s) shall not be the Shareholder(s) and shall be Independent Third Party(ies); and (ii) who shall each be a professional investor as defined in Schedule 1 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and the subscription size of each Placee shall be at least HK\$500,000.

The Placing will not have any implication under the Takeovers Code and no Shareholder will be under an obligation to make a general offer under the Takeovers Code. In addition, the Company will take all appropriate steps to ensure that the public float requirements under Rule 8.08(1)(a) of the Listing Rules be fulfilled by the Company at all times.

Ranking of Unsubscribed Rights Shares and the ES Unsold Rights Shares : Unsubscribed Rights Shares and the ES Unsold Rights Shares (when placed, allotted, issued and fully paid) shall rank *pari passu* in all respects among themselves and with the Shares then in issue.

- Conditions Precedent : The obligations of the Placing Agent and the Company under the Placing Agreement are conditional upon, among others, the following conditions being fulfilled (or being waived by the Placing Agent in writing, if applicable):
- (i) the Listing Committee of the Stock Exchange having granted the listing of, and the permission to deal in, the Rights Shares;
  - (ii) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect if it was repeated as at the time of completion; and
  - (iii) the Placing Agreement not having been terminated in accordance with the provisions thereof.

The Placing Agent may, in its absolute discretion, waive the fulfillment of all or any or any part of the conditions precedent to the Placing Agreement (other than those set out in paragraph (i) above) by notice in writing to the Company.

- Termination : The Placing Arrangement shall end on 2 March 2022 or any other date by mutual written agreement between the Placing Agent and the Company.

The engagement of the Placing Agent may also be terminated by Placing Agent in case of force majeure resulting in the Company and the Placing Agent being unable to fulfill its duties and responsibilities under the engagement. However, if during the course of the engagement it has come to the Placing Agent's knowledge that there is any material adverse change in the business and operational environment in the Company which, in the sole opinion of the Placing Agent, may make it inadvisable to continue the engagement, the Placing Agent shall have the right to terminate the engagement by written notice to the Company with immediate effect.

Placing Completion : Completion is expected to take place within six Business Days after publication of an announcement by the Company of the number of the Unsubscribed Rights Shares and the ES Unsold Rights Shares under the Compensatory Arrangements and upon fulfilment or waiver (as the case may be) of the conditions precedent to the Placing Agreement or such other date as the Company and the Placing Agent may agree in writing.

The Company shall use its best endeavours to procure the fulfilment of such conditions precedent to the Placing Agreement by the Long Stop Date. If any of the conditions precedent to the Placing Agreement have not been fulfilled by the Long Stop Date or become incapable of being fulfilled (subject to the Placing Agent not exercising its rights to waive or extend the time for fulfilment of such conditions), then the Placing will lapse and all rights, obligations and liabilities of the Company and the Placing Agent in relation to the Placing shall cease and determine, save in respect of any accrued rights or obligations under the Placing Agreement or antecedent breach thereof.

The engagement between the Company and the Placing Agent for the Unsubscribed Rights Shares and ES Unsold Rights Shares (including the commission payable) was determined after arm's length negotiation between the Company and the Placing Agent and is on normal commercial terms with reference to the market comparables, the existing financial position of the Group, the size of the Rights Issue, and the current and expected market condition. The Directors consider that the terms of Placing Agreement for the Unsubscribed Rights Shares and ES Unsold Rights Shares (including the commission payable) are on normal commercial terms.



Given that the Compensatory Arrangements would provide (i) a distribution channel of the Unsubscribed Rights Shares and the ES Unsold Rights Shares to the Company; (ii) an additional channel of participation in the Rights Issue for independent Qualifying Shareholders; and (iii) a compensatory mechanism for No Action Shareholders and the Excluded Shareholders, the Directors consider that the Compensatory Arrangements are fair and reasonable and would provide adequate safeguard to protect the interest of the Company's minority Shareholders.

## **THE UNDERWRITING AGREEMENT**

On 6 January 2022 (after trading hours), the Underwriter and the Company entered into the Underwriting Agreement, pursuant to which the Underwriter has conditionally agreed to underwrite on a non-fully underwritten basis up to 21,900,000 Rights Shares. Material terms of the Underwriting Agreement are set out below:

Date:	6 January 2022 (after trading hours)
Underwriter:	Gransing Securities Co., Limited, a licensed corporation to carry on business in type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO and its ordinary course of business includes underwriting of securities. As such, the Underwriter complies with Rule 7.19(1)(a) of the Listing Rules  To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Underwriter and its ultimate beneficial owner(s) are Independent Third Parties
Total number of Rights Shares underwritten by the Underwriter:	The Underwritten Shares, i.e. up to 21,900,000 Rights Shares
Commission:	3.5% of the aggregate Subscription Price in respect of the maximum number of Underwritten Shares (i.e. 21,900,000 Rights Shares) committed to be underwritten, subscribed for or procured subscription for by the Underwriter

The terms of the Underwriting Agreement were determined after arm's length negotiations between the Company and the Underwriter, with reference to, among other things, the recent market price and trading liquidity of the Shares, the prevailing market conditions, the latest financial position of the Group and the funding and capital needs of the Company as set out in the section headed "REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS" in this announcement.

The Directors are of the view that the terms of the Underwriting Agreement 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.

### **Conditions of the Rights Issue**

The obligations of the Underwriter under the Underwriting Agreement are conditional upon:

- (a) the Listing Committee of the Stock Exchange granting or agreeing to grant and not having withdrawn or revoked the listing of, and permission to deal in, all the Rights Shares (in their nil-paid and fully-paid forms);
- (b) the delivery to the Stock Exchange and the filing and registration with the Registrar of Companies in Hong Kong respectively one duly certified copy of each of the Prospectus and the PALs (and all other documents required to be attached thereto) in compliance with the Companies (WUMP) Ordinance and the Listing Rules by no later than the Prospectus Posting Date;
- (c) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and the Overseas Letter to the Excluded Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue by the Prospectus Posting Date;
- (d) the Underwriting Agreement not being terminated or rescinded by the Underwriter pursuant to the terms thereof on or before the Latest Time for Termination; and
- (e) compliance with and performance of all the undertakings and obligations of the Company under the terms of the Underwriting Agreement.

The Company shall use all reasonable endeavours to procure the fulfilment of all the conditions precedent by the Latest Time for Termination or such other date as the Company and the Underwriter may agree. The conditions precedent, other than condition (e) above which can only be waived by the Underwriter, are incapable of being waived. If any of the conditions precedent is not satisfied or waived (as the case may be) by the Latest Time for Termination or such other date as the Company and the Underwriter may agree, the Underwriting Agreement shall terminate and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

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

## Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination:

- (a) in the absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
  - (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Company or is materially adverse in the context of the Rights Issue; or
  - (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Company or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
  - (iii) the imposition of any moratorium, suspension or material restriction on trading of the Shares on the Stock Exchange due to exceptional financial circumstances or otherwise; or
- (b) any material adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (c) there is any change in the circumstances of the Company which in the absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of the Company or the destruction of any material asset of the Company; or
- (d) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lockout; or

- (e) any other material adverse change in the business or the financial or trading position or prospects of the Company whether or not ejusdem generis with any of the foregoing; or
- (f) the Prospectus Documents in connection with the Rights Issue when published contain information (either as to business prospects or the financial condition of the Company or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may in the absolute opinion of the Underwriter is material to the Company as a whole and is likely to affect materially and adversely the success of the Rights Issue or might cause a reasonably prudent investor not to apply for its assured entitlements of Rights Shares under the Rights Issue; or
- (g) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of the announcement or the Prospectus Documents or other announcements or circulars in connection with the Rights Issue,

the Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

Rescission or termination of the Underwriting Agreement shall be without prejudice to any rights of any party in respect of any breach by the other prior to such rescission or termination.

**If the Underwriter gives a notice of termination to the Company in accordance with the terms of the Underwriting Agreement, all obligations of the Underwriter under the Underwriting Agreement shall cease and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement. If the Underwriter exercises its rights to terminate the Underwriting Agreement, the Rights Issue will not proceed.**

**EXPECTED TIMETABLE**

Set out below is the expected timetable for the Rights Issue which is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled:

<b>Event</b>	<b>2022</b>
Last day of dealings in the Shares on a cum-rights basis . . . . .	Monday, 17 January
First day of dealings in the Shares on an ex-rights basis. . . . .	Tuesday, 18 January

Latest time for the Shareholders to lodge transfer of Shares in order to qualify for the Rights Issue . . . . .	4:30 p.m. on Wednesday, 19 January
Closure of register of members of the Company for the Rights Issue (both dates inclusive) . . . . .	Thursday, 20 January to Wednesday, 26 January
Record Date for determining entitlements to the Rights Issue . . . . .	Wednesday, 26 January
Register of members of the Company re-opens. . . . .	Thursday, 27 January
Despatch of Prospectus Documents . . . . .	Thursday, 27 January
First day of dealings in nil-paid Rights Shares . . . . .	9:00 a.m. on Monday, 31 January
Latest time for splitting of PALs . . . . .	4:00 p.m. on Monday, 7 February
Latest time of dealings in nil-paid Rights Shares. . . . .	4:00 p.m. on Thursday, 10 February
Latest time for logging transfer of nil-paid Rights Shares in order to qualify for payment of Net Gain to relevant No Action Shareholders (if any) or Excluded Shareholders (if any). . . . .	4:00 p.m. on Tuesday, 15 February
Latest time for acceptance of and payment for the Rights Shares . . . . .	4:00 p.m. on Tuesday, 15 February
Latest Time for Termination of the Underwriting Agreement and for the Rights Issue to become unconditional . . . . .	5:00 p.m. on Wednesday, 16 February
Announcement of the number of Unsubscribed Rights Shares and the ES Unsold Rights Shares subject to the Compensatory Arrangements . . . . .	Tuesday, 22 February

Commencement of placing of Unsubscribed Rights Shares and the ES Unsold Rights Shares by the Placing Agent .....	Wednesday, 23 February
Latest time of placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by the Placing Agent .....	Wednesday, 2 March
Latest time for the Rights Issue and placing of the Unsubscribed Rights Shares and ES Unsold Rights Shares to become unconditional .....	Wednesday, 2 March
Announcement of results of the Rights Issue (including results of the placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares and the amount of the Net Gain per Unsubscribed Rights Share and per ES Unsold Rights Share under the Compensatory Arrangements) .....	Thursday, 3 March
Refund cheques, if any, to be despatched (if the Rights Issue does not proceed) .....	On or before Friday, 4 March
Certificates for fully paid Rights Shares to be despatched .....	Friday, 4 March
Commencement of dealings in fully-paid Rights Shares. ....	9:00 a.m. on Monday, 7 March
Designated broker starts to stand in the market to provide matching services for odd lots of Shares .....	Monday, 7 March
Last day for the designated broker to provide for odd lot matching .....	Friday, 25 March
Payment of Net Gain to relevant No Action Shareholders (if any) or Excluded Shareholders (if any) .....	Monday, 28 March



All times and dates in this announcement refer to Hong Kong local times and dates.

The expected timetable is subject to change, and any such change will be further announced by the Company as and when appropriate.

**EFFECT OF BAD WEATHER AND/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 the Rights Shares will not take place if:

1. typhoon signal No. 8 (or above);
2. “extreme conditions” caused by super typhoons as announced by the Government of Hong Kong; or
3. a “black” rainstorm warning
  - (a) is/are in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance. Instead the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or
  - (b) is/are in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance. Instead the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on the currently scheduled date, the dates mentioned in the “EXPECTED TIMETABLE” above may be affected. Announcement will be made by the Company in such event.

## SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 172,800,000 Shares in issue. On the assumption that there is no change in the shareholding structure of the Company from the date of this announcement to completion of the Rights Issue other than the allotment and issue of Rights Shares pursuant to the Rights Issue, the table below depicts, for illustrative purposes only, the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by the existing Shareholders; (iii) immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and all Unsubscribed Rights Shares and ES Unsold Rights Shares have been placed by the Placing Agent and (iv) immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders (other than full acceptance of the Rights Shares by Renown Future Limited, Treasure Isle Global Limited and Dr. Chan Man Fung) and all Unsubscribed Rights Shares and ES Unsold Rights Shares have been taken up by the Underwriter (on a non-fully underwritten basis):

	As at the date of this announcement		Immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by the existing Shareholders		Immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares and all Unsubscribed Rights Shares and ES Unsold Rights Shares have been placed by the Placing Agent		Immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders (other than full acceptance of the Rights Shares by Renown Future Limited, Treasure Isle Global Limited and Dr. Chan Man Fung) and all the Unsubscribed Rights Shares and ES Unsold Rights Shares have been taken up by the Underwriter (on a non-fully underwritten basis)	
	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %
Renown Future Limited (Notes 1 and 3)	88,129,080	51.00	132,193,620	51.00	88,129,080	34.00	132,193,620	51.00
Treasure Isle Global Limited (Notes 2 and 3)	25,954,878	15.02	38,932,317	15.02	25,954,878	10.01	38,932,317	15.02
Dr. Chan Man Fung (Note 3)	14,916,042	8.63	22,374,063	8.63	14,916,042	5.75	22,374,063	8.63
<b>Sub-total</b>	<b>129,000,000</b>	<b>74.65</b>	<b>193,500,000</b>	<b>74.65</b>	<b>129,000,000</b>	<b>49.76</b>	<b>193,500,000</b>	<b>74.65</b>
Underwriter	-	-	-	-	-	-	21,900,000	8.45
Independent Placees	-	-	-	-	86,400,000	33.33	-	-
Other public shareholders	43,800,000	25.35	65,700,000	25.35	43,800,000	16.90	43,800,000	16.90
<b>Sub-total</b>	<b>43,800,000</b>	<b>25.35</b>	<b>65,700,000</b>	<b>25.35</b>	<b>130,200,000</b>	<b>50.23</b>	<b>65,700,000</b>	<b>25.35</b>
<b>Total (Note 4)</b>	<b>172,800,000</b>	<b>100.00</b>	<b>259,200,000</b>	<b>100.00</b>	<b>259,200,000</b>	<b>100.00</b>	<b>259,200,000</b>	<b>100.00</b>

*Notes:*

1. As at the date of this announcement, the entire issued capital of Renown Future Limited is beneficially owned as to 20% by Mr. Wang He, 20% by Ms. Wang Biao, 20% by Mr. Yan Xu, 20% by Mr. Ji Qiang and 20% by Mr. He Luling, who is also the sole director of Renown Future Limited.
2. Treasure Isle Global Limited is a company incorporated in the British Virgin Islands and is beneficially owned as to 50% by Mr. Li Bohan and 50% by Mr. Zhang Jianming. Each of Mr. Li Bohan and Mr. Zhang Jianming is deemed to be interested in the 25,954,878 Shares held by Treasure Isle Global Limited under Part XV of the SFO.
3. In 2017, Blue Canary Consulting Group Limited, a company which was then wholly-owned by Dr. Chan Man Fung, together with Renown Future Limited and Treasure Isle Global Limited (collectively, the “**Concert Party Group**”) made a mandatory unconditional cash offer for all the issued Shares (other than those already owned or agreed to be acquired and subscribed by the Concert Party Group and parties acting in concert with it) (the “**General Offer**”). The General Offer was completed on 26 May 2017.
4. The percentage of the Shares are rounded to the nearest two decimal places, and the total number of the percentages may not be equal to 100% due to rounding.

The Placing will not have any implication under the Takeovers Code and no Shareholder will be under an obligation to make a general offer under the Takeovers Code. In addition, the Company will take all appropriate steps to ensure that the public float requirements under Rule 8.08(1)(a) of the Listing Rules be fulfilled by the Company at all times.

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 Issue.

## **REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS**

The Company is an investment company listed on the Main Board of the Stock Exchange under Chapter 21 of the Listing Rules. The principal activity of the Company is investment holding and the Company is principally engaged in investments in securities listed on recognised stock exchanges and unlisted investments with potential for earning growth and capital appreciation. The objective of the Company is to achieve earnings in the form of short to medium term capital appreciation through investing in a diversified portfolio of investments in listed or unlisted enterprises incorporated or established and/or conducting business in Hong Kong and PRC.

It is estimated that the Company will raise gross proceeds of approximately HK\$58,752,000 from the Rights Issue and the relevant expenses would be approximately HK\$2,600,000, which include placing commission, underwriting commission and professional fees payable to financial advisers, legal advisers, financial printer and other parties involved in the Rights Issue. The estimated net proceeds from the Rights Issue will accordingly be approximately HK\$56,152,000 (equivalent to a net price of approximately HK\$0.65 per Rights Share), which will be used as follows:

- (i) approximately HK\$5,100,000 for repayment in full of a loan and related interests from a licensed money lender;
- (ii) approximately HK\$41,642,000 for future investments and business development pursuant to the investment objectives of the Company; and
- (iii) approximately HK\$9,410,000 for general working capital of the Company.

Regarding the use of net proceeds mentioned in (ii) above, it is the present intention of the Board that the funds shall be invested in value stocks trading at lower valuation due to recent market sentiment but with growth potential, subject to further evaluation and advice from the Company's investment manager.

In the event that there is an undersubscription of the Rights Issue, the Company will apply the net proceeds in the following order of priority: (1) repayment in full of the loan and related interests from the licensed money lender as set out in (i) above; (2) general working capital of the Company as set out in (iii) above; and (3) the Company's future investment and business development as set out in (ii) above for the remainder of the net proceeds.

The Company has considered other fund-raising alternatives available to the Company, including debt financing such as bank borrowings and other equity financing, such as placing or subscription of new Shares.

The Company is of the view that debt financing will result in additional interest burden and will further increase the gearing of the Company which is not beneficial to the Company given that the Company incurred a net loss for the six months ended 30 September 2021 and was at a net current liabilities position as at 30 September 2021. The Board considers that financing the funding needs of the Company in the form of equity is a better alternative. Amongst the equity financing methods, placing or subscription of new Shares would dilute the shareholding of the existing Shareholders without giving the chance to the existing Shareholders to participate. In the contrary, the Rights Issue will enable the Company to strengthen its capital base and to enhance its financial position without increasing its debt or finance costs. Since the Rights Issue will allow the Qualifying Shareholders to maintain their proportional shareholdings in the Company, the Board considers that raising capital through the Rights Issue is in the interest of the Company and the Shareholders as a whole.

## **WORKING CAPITAL**

The Directors are of the opinion that, after taking into account (i) the internal resources of the Group; and (ii) the estimated net proceeds from the Rights Issue, the Group has sufficient working capital for its present requirements and for at least 12 months from the date of this announcement.

## **FUND RAISING ACTIVITIES INVOLVING ISSUE OF SECURITIES IN THE PAST 12 MONTHS**

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

As at the date of this announcement, save for the Rights Issue, the Company has no intention to conduct further fundraising activities involving issue of its securities in 12 months after the completion of the Rights Issue.

## **LISTING RULES IMPLICATIONS**

As the Rights Issue will neither increase the total issued shares nor the market capitalisation of the Company by more than 50%, the Rights Issue is not required to be approved by the Shareholders in a general meeting under the Listing Rules. Further, the Rights Issue will not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

## **GENERAL**

The Prospectus Documents containing further details of the Rights Issue are expected to be despatched to the Qualifying Shareholders on or around 27 January 2022, and the Prospectus will be despatched to the Excluded Shareholders for information purposes subject to the advice of the Company's legal advisers in the relevant jurisdictions and only to the extent permitted under the relevant laws and regulations and reasonably practicable.

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

**The Rights Issue will proceed on a non-fully underwritten basis. Save for the Underwritten Shares, there is no requirement for a minimum level of subscription. Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level.**

**Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-section headed “Termination of the Underwriting Agreement” under the section headed “THE UNDERWRITING AGREEMENT” in this announcement).**

**Accordingly, the Rights Issue may or may not proceed. The Shares are expected to be dealt in on an ex-rights basis from Tuesday, 18 January 2022. Dealings in the Rights Shares in nil-paid form are expected to take place from Monday, 31 January 2022 to Thursday, 10 February 2022 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares. Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **DEFINITIONS**

Unless the context otherwise requires, the following expressions shall have the following meanings in this announcement:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday and Sunday and any day on which “extreme conditions” caused by super typhoons is announced by the Government of Hong Kong or a tropical cyclone warning signal no.8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC



“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong
“Company”	Youth Champ Financial Group Holdings Limited (stock code: 1160), a company incorporated in Bermuda whose shares are listed on the Stock Exchange
“Compensatory Arrangements”	placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by the Placing Agent on a best effort basis pursuant to the Placing Agreement in accordance with Rule 7.21(1)(b) of the Listing Rules
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“ES Unsold Rights Share(s)”	the Rights Share(s) which would otherwise has/have been provisionally allotted to the Excluded Shareholder(s) in nil-paid form that has/have not been sold by the Company
“Excluded Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Shares to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Group”	collectively, the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) who is(are) third party(ies) independent of the Company and connected persons of the Company
“Last Trading Day”	6 January 2022, 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 Tuesday, 15 February 2022 or such later time or date as may be agreed between the Company and the Underwriter, being the latest time for acceptance of the offer of and payment for the Rights Shares

“Latest Time for Compensatory Arrangements”	5:00 p.m. on Wednesday, 2 March 2022, being the latest time for the Placing Agent to determine the list of Places and to notify the Company and the Underwriter of the results of the Placing
“Latest Time for Termination”	5:00 p.m. on the first Business Day immediately after the Latest Time for Acceptance, or such later time as may be agreed between the Company and the Underwriter
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	3 March 2022 or such later date as may be agreed between the Placing Agent and the Company in writing
“Net Gain”	any premiums paid by the places over the Subscription Price for the Unsubscribed Rights Shares and the ES Unsold Rights Shares placed by the Placing Agent under the Compensatory Arrangements
“No Action Shareholders”	Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or their renounees, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed
“Overseas Letter”	a letter from the Company to the Excluded Shareholders explaining the circumstances in which the Excluded Shareholders are not permitted to participate in the Rights Issue
“Overseas Shareholder(s)”	Shareholder(s) with registered address(es) (as shown on the register of members of the Company on the Record Date) which is(are) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue

“Placee(s)”	professional investor(s) as defined in Schedule 1 of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), who and whose ultimate beneficial owner(s) shall not be the Shareholder(s) and shall be the Independent Third Party(ies), procured by the Placing Agent and/or its sub-placing agent(s), who and whose ultimate beneficial owners shall not be the Shareholder(s) and shall be the Independent Third Party(ies), to subscribe for any of the Unsubscribed Rights Shares and the ES Unsold Rights Shares pursuant to the Placing Agreement
“Placing”	the offer by way of private placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by the Placing Agent and/or its sub-placing agents(s), who and whose ultimate beneficial owners shall not be the Shareholder(s) and shall be the Independent Third Party(ies), to the Placee(s) during the Placing Period on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Gransing Securities Co., Limited, a licensed corporation to carry on business in type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, being the placing agent appointed by the Company to place any Unsubscribed Rights Shares and the ES Unsold Rights Shares under the Compensatory Arrangements in accordance with Rule 7.19(5)(b) of the Listing Rules
“Placing Agreement”	the placing agreement dated 6 January 2022 and entered into between the Company and the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares to the Placee(s) on a best effort basis
“Placing Arrangement”	the placing arrangement for the Unsubscribed Rights Shares and the ES Unsold Rights Shares as described in the section headed “The Placing Agreement” in this announcement
“Placing Period”	a period commencing from the second Business Day after the date of announcement of the number of Unsubscribed Rights Shares and the ES Unsold Rights Shares, which is expected to be Wednesday, 23 February 2022, and ending at the Latest Time for Compensatory Arrangements

“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus to be despatched to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	collectively, the Prospectus and PAL
“Prospectus Posting Date”	the date of despatch of the Prospectus Documents
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date, other than the Excluded Shareholder(s)
“Record Date”	Wednesday, 26 January 2022 or such other date as may be agreed between the Company and the Underwriter, being the date for determining entitlements of Shareholders to participate in the Rights Issue
“Registrar”	Boardroom Share Registrars (HK) Limited, the Company’s Hong Kong branch share registrar and transfer office
“Rights Issue”	the proposed issue of the Rights Shares by way of rights on the basis of one (1) Rights Share for every two (2) Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price pursuant to the Prospectus Documents
“Rights Share(s)”	up to 86,400,000 new Shares proposed to be allotted and issued by the Company to the Qualifying Shareholders for subscription pursuant to the Rights Issue, assuming no further issue of new Share(s) and no repurchase of Share(s) on or before the Record Date
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscription Price”	HK\$0.68 per Rights Share
“Substantial Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Underwriter”	Gransing Securities Co., Limited, a licensed corporation to carry on business in type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO
“Underwriting Agreement”	the underwriting agreement entered into between the Company and the Underwriter on 6 January 2022 in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Shares”	21,900,000 Rights Shares, being the maximum number of Rights Shares to be partially-underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement
“Unsubscribed Rights Shares”	Rights Shares that are not subscribed by the Qualifying Shareholders
“%”	per cent

By order of the Board  
**Youth Champ Financial Group Holdings Limited**  
**Xu Yanfa**  
*Chairman*

Tianjin, the PRC, 6 January 2022

*As at the date of this announcement, the Board comprises Ms. Chan Mei Yan as executive Director; Mr. Yip Hoi Chung (Vice Chairman) and Mr. Lee Hung Yuen as non-executive Directors; and Mr. Xu Yanfa (Chairman), Ms. Ma Yin Fan and Ms. Yan Yan as independent non-executive Directors.*