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利·寶·閣

**Li Bao Ge Group Limited**

**利寶閣集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1869)**

## **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

**Placing Agent**



金鵬證券

WINGS SECURITIES  
since 1992

### **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

The Board is pleased to announce that on 22 November 2022 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent conditionally agreed to place as the Company's placing agent on a best effort basis the Placing Shares up to 200,000,000 new Shares to not less than six Places at the Placing Price of HK\$0.204 per Placing Share. The Placing Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the AGM.

The Placing Shares represent (i) approximately 20% of the existing total number of issued Shares as at the date of this announcement; and (ii) approximately 16.7% of the total number of issued Shares as enlarged by the allotment and issue of the Placing Shares in full, assuming there will be no change in the issued share capital of the Company between the date of this announcement and the Closing Date. The aggregate nominal value of the maximum number of Placing Shares under the Placing will be HK\$2,000,000.

Assuming that all the Placing Shares are successfully placed by the Placing Agent, the maximum gross proceeds from the Placing are estimated to be HK\$40,800,000, and the maximum net proceeds, after deducting the placing fee, brokerage, professional fees and all related expenses which may be borne by the Company, from the Placing are estimated to be approximately HK\$40,138,000.

The maximum net proceeds from the Placing of approximately HK\$40,138,000 are intended to be used for the purposes of replenishing the working capital of the Group and developing the Group's businesses in Hong Kong and China, including but not limited to developing the civet coffee business with Kafelaku Coffee International Holding Limited.

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

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## **THE PLACING AGREEMENT**

The principal terms and conditions of the Placing Agreement are as follows:

### **Date**

22 November 2022 (after trading hours)

### **Parties**

Issuer: The Company

Placing Agent: Wings Securities (HK) Limited

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

### **Placing Commission**

The Placing Agent will charge the Company a Placing commission of 1.5% of the amount equal to the Placing Price multiplied by the number of Placing Shares actually placed. The Placing commission was negotiated on an arm's length basis between the Company and the Placing Agent, and determined with reference to, amongst other things, the market rate and the price performance of the Shares.

## **Placee(s)**

Pursuant to the Placing Agreement, the Placing Agent will procure the Placing Shares to be placed to not less than six Placees, who/which shall be individual(s), corporate(s), professional, institutional or other investors procured by or on behalf of the Placing Agent on a best effort basis.

The Placing Agent will, to the extent practicable and lawful, use its reasonable endeavours to ensure that the Placees (if applicable, together with their respective ultimate beneficial owners) will be (i) Independent Third Parties; and (ii) independent from, not connected or associated with, and not acting in concert with one another or any of the Directors, chief executive or substantial Shareholders of the Company and any of its subsidiaries and their respective associates to the effect that any Placing to such Placee(s) shall not trigger any mandatory offer obligation under Rule 26.1 of the Takeovers Code. The Placing Agent shall also use its best endeavours to ensure that no Placee shall become a substantial Shareholder of the Company as a result of the Placing (taking into account other securities held by such Placee(s) at the time of his/her/its subscription of the Placing Shares).

## **Number of Placing Shares**

The Company has conditionally agreed to place, through the Placing Agent on a best effort basis, up to 200,000,000 new Shares, representing (i) approximately 20% of the existing total number of issued Shares as at the date of this announcement; and (ii) approximately 16.7% of the total number of issued Shares as enlarged by the allotment and issue of the Placing Shares in full, assuming there will be no change in the issued share capital of the Company between the date of this announcement and the Closing Date. The aggregate nominal value of the maximum number of Placing Shares under the Placing will be HK\$2,000,000.

## **Placing Price**

The Placing Price of HK\$0.204 per Placing Share represents:

- (i) a discount of approximately 18.4% to the closing price of HK\$0.250 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a discount of approximately 19.7% to the average closing price of HK\$0.254 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to the date of the Placing Agreement.

The Placing Price was determined with reference to the prevailing market price and the recent trading volume of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent.

## **Ranking of the Placing Shares**

The Placing Shares, when allotted and issued, will be free from all encumbrances and rank *pari passu* in all respects with the existing Shares in issue on the date of allotment and issue of the Placing Shares.

## **Conditions of the Placing**

Completion of the Placing is conditional upon the satisfaction or waiver (where permissible) of the following conditions:

- (a) the passing by the Board of resolutions to approve the Placing Agreement and the transactions contemplated thereunder;
- (b) the Listing Committee having granted the listing of and permission to deal in the Placing Shares on the Stock Exchange (and such listing and permission not subsequently revoked);
- (c) the Placing Agreement not having been terminated in accordance with its terms; and
- (d) each of the Parties shall have performed or complied in all material respects with all agreements and covenants required by Placing Agreement to be performed or complied with by it on or prior to the Closing Date.

The Conditions set out in (a), (b) and (c) cannot be waived by the Company or the Placing Agent. Each of the Company and the Placing Agent shall use their respective best endeavours to procure the satisfaction of the Conditions set out.

## **Completion of the Placing**

Completion of the Placing shall take place on the third (3rd) Business Day following satisfaction or waiver (where permissible) of all the Conditions or such other time or date as the Company and the Placing Agent may agree in writing.

If the Conditions are not fulfilled on or prior to the Long Stop Date, the Placing Agreement and all the obligations thereunder will cease and terminate and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement except for any breach arising prior to such termination.

## **Termination of the Placing Agreement**

During the period from the date of the Placing Agreement to the Closing Date:

- (a) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, 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 Placing; or
- (b) the occurrence of any local, national or international event or change occurring after the date of the Placing Agreement of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company or adversely prejudices the success of the Placing (such success being the completion of the placing of the Placing Shares to potential investor(s)) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
- (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) occurs after the date of the Placing Agreement which in the reasonable opinion of the Placing Agent materially and adversely affects the success of the Placing (such success being the completion of the placing of the Placing Shares to potential investor(s)) or otherwise in the reasonable opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing; 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 lock-out; or
- (e) the Company commits any material breach of or omits to observe any of its obligations or undertakings under the Placing Agreement; or
- (f) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate in any respect or would in any respect be untrue or inaccurate, or if repeated the Placing Agent shall determine in its reasonable opinion that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or the prospects of the Company or will otherwise likely to have a material prejudicial effect on the Placing,

then the Placing Agent may terminate the Placing Agreement without liability to the Company upon giving notice to the Company, and the Company shall not be liable to pay any commission pursuant to the Placing Agreement.

### **General Mandate to allot and issue the Placing Shares**

The Placing Shares will be issued under the General Mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the AGM subject to the limit up to 20% of the then issued share capital of the Company as at the date of the AGM. Under the General Mandate, the Company is authorised to issue up to 200,000,000 Shares under the General Mandate. Up to the date of this announcement, no new Shares have been issued under the General Mandate. Accordingly, the issue of the Placing Shares is not subject to the approval of the Shareholders.

### **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 Placing Shares.

### **REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS**

The Group is a Chinese restaurant group recognised for delivering Cantonese cuisine and Chinese banquet and dining services.

Assuming that all the Placing Shares are successfully placed by the Placing Agent, the maximum gross proceeds from the Placing are estimated to be HK\$40,800,000, and the maximum net proceeds, after deducting the placing fee, brokerage, professional fees and all related expenses which may be borne by the Company, from the Placing are estimated to be approximately HK\$40,138,000.

The maximum net proceeds from the Placing of approximately HK\$40,138,000 are intended to be used as to HK\$24,138,000 for replenishing the working capital of the Group, as to HK\$4,000,000 for repayment of debts and as to HK\$12,000,000 for developing the Group's businesses in Hong Kong and China, including but not limited to developing the civet coffee business with Kafelaku Coffee International Holding Limited.

The Board is of the view that the Placing will strengthen the financial position of the Company and represents a good opportunity to broaden the Shareholders' base and capital base of the Company.

Having considered above, the Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement and the transactions contemplated thereunder (including the Placing, the Placing Price and the Placing commission payable to the Placing Agent) are fair and reasonable, and are in the interests of the Group and the Shareholders as a whole.

## FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST TWELVE MONTHS

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

## CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement, and (ii) immediately after completion of the Placing, assuming that all of the Placing Shares are placed in full and no further Shares have been issued or repurchased before completion of the Placing and there will be no change in the issued share capital of the Company between the date of this announcement and the Closing Date:

	<b>As at the date of this announcement</b>		<b>Immediately after completion of the Placing</b> <i>(assuming that all of the Placing Shares are placed in full and there will be no change in the issued share capital of the Company between the date of this announcement and the Closing Date)</i>	
	<i>Number of Shares</i>	<i>Approximate shareholding percentage % (note 3)</i>	<i>Number of Shares</i>	<i>Approximate shareholding percentage %</i>
<b>Directors</b>				
Mr. Chan Chun Kit <i>(Note 1)</i>	395,161,400	39.52	395,161,400	32.93
Ms. Chan Josephine Wai Sze	3,275,000	0.33	3,275,000	0.27
Mr. Chow Yiu Pong David <i>(Note 2)</i>	19,324,960	1.93	19,324,960	1.61
<b>Public Shareholders</b>				
Places	–	–	200,000,000	16.67
Others	582,238,640	58.22	582,238,640	48.52
<b>Total:</b>	<b>1,000,000,000</b>	<b>100.00</b>	<b>1,200,000,000</b>	<b>100.00</b>

Notes:

- Mr. Chan owns 50% of Bright Creator Limited (“**Bright Creator**”) which in turn owns approximately 37.65% of the entire issued share capital of the Company. As such, Mr. Chan is deemed, or taken to be, interested in all the Shares held by Bright Creator for the purposes of the SFO. Mr. Chan is a director of Bright Creator.

2. Mr. David Chow owns 37.5% issued shares of Sky Gain Investments Limited, which in turn owns approximately 1.93% of the entire issued share capital of the Company.
3. The percentages are subject to rounding difference, if any.

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

## **DEFINITIONS**

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

“acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“AGM”	the annual general meeting of the Company held on 24 June 2022
“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any day (other than a Saturday, a Sunday or a public holiday or a day on which 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 5:00 p.m.) on which licensed banks generally are open for general banking business in Hong Kong
“Closing Date”	on or before the third (3rd) Business Day following the day on which the conditions precedent are satisfied or waived (where permissible) or such other date as the Company and the Placing Agent shall agree in writing
“Company”	Li Bao Ge Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange
“Completion”	the completion of the Placing pursuant to the Placing Agreement, which shall take place on the Closing Date
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company



“General Mandate”	the general mandate granted to the Directors to allot, issue and deal in not more than 200,000,000 new Shares by the Shareholders at the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Independent Third Party(ies)”	independent third parties who are not connected person(s) of the Company and are independent of and not connected with the Company or Directors, chief executive, or substantial Shareholders of the Company or any of its subsidiaries or their respective associates
“Listing Committee”	the listing committee appointed by the Stock Exchange for considering applications for listing and approving the listing of and dealing with securities on the Stock Exchange
“Long Stop Date”	21 December 2022 or such later date as may be agreed between the Company and the Placing Agent
“Placee(s)”	any corporate, individual, professional, institutional or other investor(s) independent of and not connected with the Company, directors, chief executive, substantial shareholders of the Company and its subsidiaries or any of their respective Associates, procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations thereunder
“Placing”	the placing, on a best effort basis, of a total of up to 200,000,000 new Shares to be allotted and issued under the general mandate pursuant to the terms of the Placing Agreement
“Placing Agent”	Wings Securities (HK) Limited, a licensed corporation to carry out business in Type 1 (dealing in securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement dated 22 November 2022 entered into between the Company and the Placing Agent in relation to the Placing

“Placing Price”	HK\$0.204 per Placing Share
“Placing Share(s)”	means up to 200,000,000 new Shares to be placed under the Placing
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in the Listing Rules
“substantial Shareholder(s)”	has the meaning ascribed to it in the Listing Rules
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buybacks issued by the Securities and Futures Commission
“%”	per cent.

By order of the Board  
**Li Bao Ge Group Limited**  
**Chan Chun Kit**  
*Chairman*

Hong Kong, 22 November 2022

*As at the date of this announcement, the executive Directors are Mr. Chan Chun Kit, Ms. Chan Josephine Wai Sze and Ms. Zhu Xueqin; the non-executive Director is Mr. Chow Yiu Pong David; and the independent non-executive Directors are Mr. Kan Sze King Kenneth, Mr. Lee Cheung Yuet Horace and Mr. Chan Ming Kei.*