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AMBER HILL FINANCIAL HOLDINGS LIMITED

安山金控股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 33)

- (I) SHARE CONSOLIDATION;**
- (II) PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY ONE (1) CONSOLIDATED SHARE HELD ON THE RECORD DATE;**
- (III) CONNECTED TRANSACTION IN RELATION TO THE SUBSCRIPTION AGREEMENT;**
- (IV) APPLICATION FOR WHITEWASH WAIVER; AND**
- (V) RESUMPTION OF TRADING**

(1) SHARE CONSOLIDATION

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

No Shareholder is involved or interested in or has a material interest in the Share Consolidation and the transactions contemplated thereunder and therefore no Shareholder is required to abstain from voting in favour of the resolution to approve the Share Consolidation and the transactions contemplated thereunder by way of poll at the EGM.

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

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

(2) PROPOSED RIGHTS ISSUE

The Company proposes to raise a gross proceeds of up to (i) approximately HK\$286 million by way of a rights issue of 402,933,828 Rights Shares (assuming no change in the number of Consolidated Shares in issue on or before the Record Date); or (ii) approximately HK\$287 million by way of a rights issue of 404,733,828 Rights Shares (assuming no change in the number of Consolidated Shares in issue on or before the Record Date other than the full exercise of outstanding exercisable Share Options and conversion of the Other CB), at the Subscription Price of HK\$0.71 per Rights Share on the basis of three (3) Rights Shares for every one (1) Consolidated Share held by the Qualifying Shareholders on the Record Date.

The Rights Issue will only be available to the Qualifying Shareholders and will not be available to the Non-Qualifying Shareholders. There will be no excess application arrangements in relation to the Rights Issue and the Rights Issue is not underwritten. Any of the Rights Shares which remain unsold in the market will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

The maximum net proceeds from the Rights Issue after deducting the expenses are estimated to be (i) approximately HK\$284 million (assuming no change in the number of Consolidated Shares in issue on or before the Record Date); or (ii) approximately HK\$285 million (assuming no change in the number of Consolidated Shares in issue on or before the Record Date other than the full exercise of outstanding exercisable Share Options and conversion of the Other CB).

The Company intends to apply the net proceeds from the Rights Issue for (i) repayment of overdue external debts of the Group; (ii) repayment of the shareholder's loan owing by the Company to Mr. Ng; (iii) repayment of overdue Convertible Bonds; (iv) additional capital for the trading of party products business of the Group; (v) additional liquid capital for the securities brokerage and assets management business of the Group, the licensed activities of which were suspended due to insufficient liquid capital under the SFO; (vi) additional capital for the advancing business of the Group; and (vii) general working capital of the Group.

The Placing Agreement

According to Rule 7.21(1)(b) of the Listing Rules, the Company will make arrangements to dispose of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by offering the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent placees, who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies) and independent of and not acting in concert with Ng Concert Party Group for the benefit of the Shareholders to whom they were offered by way of the Rights Issue. Accordingly, on 11 September 2020 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent placees on a best effort basis. For details of the Placing Agreement and the Compensatory Arrangements, please refer to the paragraph headed “Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the Compensatory Arrangements” in this announcement.

The Placing Agent confirmed that it and its ultimate beneficial owner(s) (i) are not Shareholder; (ii) they are Independent Third Parties; and (iii) they are independent of and not acting in concert with Ng Concert Party Group and no member of the Ng Concert Party Group will involve in the identification, screening and selection of the independent placees.

Irrevocable Undertaking

As at the date of this announcement, Ng Concert Party Group is interested in 265,980,000 Shares, representing approximately 19.8% of the total number of the existing issued Shares.

Pursuant to the Irrevocable Undertaking, (i) Ng Concert Party Group has undertaken to the Company that they will subscribe for 79,794,000 Rights Shares which comprise the full acceptance of their provisional entitlement in respect of 26,598,000 Consolidated Shares beneficially held by them (upon completion of the Share Consolidation) provided that the total number of the Rights Shares to be subscribed by Ng Concert Party Group under the Rights Issue will be scaled down (if necessary) to the extent that their aggregate percentage shareholding in the Company will be not more than 34.99% immediately after completion of the Rights Issue (exceeding which the SFC Approval would be required); (ii) they will not dispose of 265,980,000 Existing Shares or 26,598,000 Consolidated Shares (upon completion of the Share Consolidation) comprising the shareholding in the Company owned by Ng Concert Party Group and such 265,980,000 Existing Shares or 26,598,000 Consolidated Shares (upon completion of the Share Consolidation) will remain beneficially owned by them up to and including the date on which completion of the Rights Issue takes place or the date on which the Company announces that the Rights Issue will not proceed, whichever is earlier; and (iii) Neo Tech Inc. will not dispose of or exercise any conversion rights attached to the Neo CB and such Neo CB will remain beneficially owned by it up to and including the date on which completion of the Rights Issue takes place or the date on which the Company announces that the Rights Issue will not proceed, whichever is earlier. Consequently, the Irrevocable Undertaking will be subject to the Whitewash Waiver but no SFC Approval will be required.

Save for the Irrevocable Undertaking, the Company has not received any information or irrevocable undertaking from any other Shareholders of their intention in relation to the Rights Shares to be allotted and issued to them under the Rights Issue as at the date of this announcement.

(3) THE SUBSCRIPTION AGREEMENT

On 31 July 2020 (after trading hours of the Stock Exchange), the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to issue and the Subscriber has conditionally agreed to subscribe for, the Subscription Shares at the issue price of HK\$0.71 per Subscription Share. The Subscription Shares will be allotted and issued under a specific mandate to be approved by an ordinary resolution by the Independent Shareholders at the EGM. Completion of the Subscription Agreement is subject to the conditions of the Subscription Agreement as set out in the paragraph headed “Conditions precedent of the Subscription Agreement” in this announcement. Accordingly, the Subscription Agreement may or may not proceed.

(4) WHITEWASH WAIVER

As at the date of this announcement, Ng Concert Party Group is interested in 265,980,000 Shares, representing approximately 19.8% of the total number of the existing issued Shares. As a result of the Irrevocable Undertaking and immediately after completion of the Rights Issue and the Subscription, assuming (i) there is no other change in the shareholding structure of the Company before the completion of the Rights Issue and the Subscription; and (ii) not all the Qualifying Shareholders (other than Ng Concert Party Group) have taken up the entitled Rights Shares and none of the Rights Shares are placed to independent placees under the Compensatory Arrangements, the interests of Ng Concert Party Group in the voting rights of the Company may increase from approximately 19.8% to approximately 75%. Accordingly, Ng Concert Party Group would be obliged to make a mandatory general offer to the Shareholders for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by Ng Concert Party Group pursuant to Rule 26.1 of the Takeovers Code as such increase will have the effect of increasing Ng Concert Party Group’s holding of voting rights of the Company to 30% or more, unless the Whitewash Waiver is obtained from the Executive.

An application to the Executive for the Whitewash Waiver in respect of the Irrevocable Undertaking and the Subscription Agreement will be made by Ng Concert Party Group. The Rights Issue, the Placing, the Irrevocable Undertaking, the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval by the Independent Shareholders at the EGM by way of poll. Ng Concert Party Group and their respective associates and any other Shareholders who are involved in or interested in the Rights Issue, the Placing, the Irrevocable Undertaking, the Subscription Agreement and/or the Whitewash Waiver shall abstain from voting at the EGM in favour of the resolution(s) approving the Rights Issue, the Placing, the Irrevocable Undertaking, the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver. The resolution(s) proposed to be voted at the EGM in relation to the Rights Issue, the Placing, the Irrevocable Undertaking, the Subscription Agreement and the transactions contemplated thereunder shall be approved by more than 50% of the independent votes that are either in person or by proxy by the Independent Shareholders at the EGM. The resolution(s) proposed to be voted at the EGM in relation to the Whitewash Waiver shall be approved by at least 75% of the independent votes that are either in person or by proxy by the Independent Shareholders at the EGM. The Rights Issue will not proceed if the Whitewash Waiver is not granted by the Executive or the Rights Issue, the Placing, the Irrevocable Undertaking, the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver are not approved by the Independent Shareholders at the EGM.

If the Rights Issue and the Subscription are approved by the Independent Shareholders at the EGM, Ng Concert Party Group's aggregate shareholding interests in the Company can end up in the range between approximately 19.72% to 75% of the total enlarged issued share capital of the Company immediately after completion of the Rights Issue and the Subscription.

Shareholders and potential investors should note that the Whitewash Waiver is a possibility only and may not be granted by the Executive.

LISTING RULES IMPLICATIONS

In accordance with Rule 7.19(A) of the Listing Rules, as the Rights Issue will increase the issued share capital of the Company by more than 50%, the Rights Issue is subject to the approval of the minority Shareholders at the EGM by way of poll. Pursuant to Rule 7.27(A)(1) of the Listing Rules, where minority Shareholders' approval is required for a rights issue under Rule 7.19A of the Listing Rules, the rights issue must be made conditional on approval by shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer and their respective associates shall abstain from voting in favour. As the Company has no controlling shareholder, Mr. Ng, being the chairman of the Board and an executive Director and his associates including Neo Tech Inc. shall abstain from voting in favour of the resolution relating to the Rights Issue at the EGM.

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

As at the date of this announcement, the Subscriber, Neo Tech Inc., is a substantial Shareholder (as defined under the Listing Rules) and therefore a connected person of the Company. Accordingly, the Subscription Agreement and the transactions contemplated thereunder constitute a connected transaction on the part of the Company under the Listing Rules and the Subscription Agreement and the transactions contemplated thereunder is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Ng, Neo Tech Inc. and their associates shall abstain from voting in favour of the resolution relating to the Subscription Agreement and the transactions contemplated thereunder at the EGM. In addition, as the Subscription Agreement and the transactions contemplated thereunder are the underlying transactions of the Whitewash Waiver, the resolution(s) proposed to be voted at the EGM in relation to the Subscription Agreement and the transactions contemplated thereunder shall be approved by more than 50% of the independent votes that are either in person or by proxy by the Independent Shareholders at the EGM.

GENERAL

The register of members of the Company will be closed from Tuesday, 20 October 2020 to Tuesday, 27 October 2020 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the EGM. The EGM will be held to consider and, if thought fit, pass the resolutions to approve, among other thing, the Share Consolidation, the Rights Issue, the Placing, the Irrevocable Undertaking, the Subscription Agreement and the Whitewash Waiver.

The Whitewash Independent Board Committee comprising all the non-executive Directors in compliance with Rule 2.8 of the Takeovers Code will be formed to advise the Independent Shareholders on the terms of the Rights Issue, the Placing, the Irrevocable Undertaking, the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver and as to voting and the Connected Transaction Independent Board Committee comprising all the independent non-executive Directors will be formed to advise the Independent Shareholders on the terms of the Subscription Agreement and the transactions contemplated thereunder. None of the members of the Connected Transaction Independent Board Committee nor the Whitewash Independent Board Committee has any interest or involvement in the Rights Issue, the Placing, the Irrevocable Undertaking, the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver. An independent financial adviser will be appointed with the approval of the Connected Transaction Independent Board Committee and the Whitewash Independent Board Committee to advise the Connected Transaction Independent Board Committee and the Whitewash Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, the Placing, the Irrevocable Undertaking, the Subscription Agreement and the transactions contemplated thereunder as well as the Whitewash Waiver and as to voting.

A circular containing, among others, further details of (i) the Share Consolidation; (ii) the Rights Issue; (iii) the Placing; (iv) the Irrevocable Undertaking; (v) the Subscription Agreement; (vi) the Whitewash Waiver; (vii) recommendation of the Connected Transaction Independent Board Committee and the Whitewash Independent Board Committee to the Independent Shareholders; (viii) the letter of advice from the independent financial adviser to the Connected Transaction Independent Board Committee and the Whitewash Independent Board Committee and the Independent Shareholders in relation to the Rights Issue, the Placing, the Irrevocable Undertaking, the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver; and (ix) a notice convening the EGM, is expected to be despatched by the Company within 21 days from the date of this announcement in compliance with Rule 8.2 of the Takeovers Code.

The Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders on Tuesday, 10 November 2020. The Prospectus (without the PAL) and a letter to the Non-Qualifying Shareholders (if any) explaining the circumstances in which they are not permitted to participate in the Rights Issue will be despatched to the Non-Qualifying Shareholders (if any) for their information only.

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

The Shares will be dealt on an ex-rights basis from Friday, 30 October 2020. Dealings in the nil-paid rights are expected to take place from Thursday, 12 November 2020 to Thursday, 19 November 2020 (both days inclusive). If the conditions of the Rights Issue (please refer to the paragraph headed “Conditions of the Rights Issue” in this announcement) are not fulfilled, the Rights Issue will not proceed.

Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or nil-paid rights is advised to exercise caution when dealing in the Shares and/or the nil-paid rights.

Any person 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 advisor(s). Any Shareholder or other person dealing in the Shares or in the nil-paid rights up to the time at which the Rights Issue becomes unconditional will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on Monday, 3 August 2020 pending the issue of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on Monday, 14 September 2020.

(1) SHARE CONSOLIDATION

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

Conditions of the Share Consolidation

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

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

Listing application

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

Subject to the granting of listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

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

Reason for the Share Consolidation

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995, the Stock Exchange reserves the right to require the issuer either to change the trading method or to proceed with a consolidation or splitting of its securities. The “Guide on Trading Arrangements

for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 30 August 2019 has further stated that (i) market price of the Shares at a level less than HK\$0.1 each will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

The existing board lot value has been less than HK\$2,000. It is expected that the Share Consolidation will increase the nominal value of the Shares and would bring about a corresponding upward adjustment in the trading price per Consolidated Share. Immediately prior to the date of this announcement, the last trading price of the Company was HK\$0.093, with a board lot size of 6,000, the existing board lot value was only HK\$558, which was less than HK\$2,000. Upon the Share Consolidation becoming effective, based on the last trading price of HK\$0.093, the share price of the Company would be adjusted to HK\$0.93, with a board lot size of 6,000, the new board lot value would be HK\$5,580, which would be more than the required HK\$2,000. As such, the proposed Share Consolidation would enable the Company to comply with the trading requirements under the Listing Rules. Thus, the Board considers that, despite such Share Consolidation would lead to odd lots, it would maintain the trading amount for each board lot at a reasonable level in order to attract more investors and to extend the shareholder base of the Company.

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

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 which will involve issue of equity securities of the Company; and (ii) has no other plan or intention to carry out any future corporate actions in the next twelve months which may have an effect of undermining or negating the intended purpose of the Share Consolidation. The Board is of the view that, having considered the corporate plan of the Company for the next twelve months, the proposed Share Consolidation is fair and reasonable, and in the interest of the Company and the Shareholders as a whole. However, in the event there is any change to the business environment and/or financial position of the Company due to unforeseeable circumstances, and the Company is required to conduct further fund raising exercises when suitable opportunities arise in order to support future development of the Group, the Company will publish further announcement(s) in compliance with the Listing Rules, as and when appropriate.

Fractional entitlement to Consolidated Shares

Fractional Consolidated Shares will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares of the Company regardless of the number of share certificates held by such holder.

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

Effects of the Share Consolidation

As at the date of this announcement, the authorised share capital of the Company amounted to HK\$10,000,000,000 divided into 10,000,000,000,000 ordinary Shares of HK\$0.001 each, of which 1,343,112,768 ordinary Shares had been allotted and issued as fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective and on the basis that no further Existing Shares will be allotted, issued or repurchased prior thereto, the authorised share capital of the Company will become HK\$10,000,000,000 divided into 1,000,000,000,000 ordinary Shares of HK\$0.01 each, of which 134,311,276 Consolidated Shares will be in issue, which are fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective, the Consolidated Shares will rank pari passu in all respects with each other in accordance with the Company's articles of association. No fractional Consolidated Shares will be issued by the Company. Any fractional entitlements of the Consolidated Shares will be aggregated and sold for the benefits of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the shares of the Company regardless of the number of share certificates held by such holder.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Group or the interests or rights of the Shareholders, save for any fractional Consolidated Shares to which the Shareholders may be entitled.

Adjustments in relation to other securities of the Company

As at the date of this announcement, there are outstanding share options for subscription of 1,000,000 Existing Shares under the Share Option Scheme. Pursuant to the terms of the Share Option Scheme, the number of Shares issuable and the exercise prices of the Share Options will be adjusted in accordance with the Share Option Scheme upon the Share Consolidation and the Rights Issue becoming unconditional. The Company in accordance with the Share Option Scheme will notify the holders of the Share Options the required adjustment(s) as soon as practicable. There are also outstanding

Convertible Bonds in the principal amount of HK\$105 million (i.e. the Neo CB and the Other CB), which have already fall due on 18 February 2020 and the number of Shares issuable upon conversion and the conversion price of the outstanding Convertible Bonds will be adjusted according in accordance with the terms of the Convertible Bonds. Details of adjustments will be set out in the Prospectus in respect of the Rights Issue to be despatched to the Shareholders.

Save as disclosed above, as at the date of this announcement, the Company has no other outstanding options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into, any Existing Shares or Consolidated Shares, as the case may be.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots of the Consolidated Shares arising from the Share Consolidation, the Company will appoint Nerico Brothers Limited 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. Holders of the Shares in odd lots represented by valid share certificates for the Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full new board lot, may directly or through their brokers, contact Mr. Mok Wing Hon of Nerico Brothers Limited at (852) 3420 1054 or by facsimile at (852) 3101 4007 during the period from Thursday, 12 November 2020 to 4:10 p.m. on Wednesday, 2 December 2020 (both days inclusive).

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed.

Exchange of share certificates

Subject to the Share Consolidation becoming effective, the Shareholders may during the period from Thursday, 29 October 2020 to Friday, 4 December 2020 (both days inclusive) submit existing share certificates in the colour of yellow for the Existing Shares to the Registrar, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for exchange for new share certificates in the colour of blue for the Consolidated Shares at the expense of the Company.

Thereafter, share certificates of the Existing Shares will 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.

After 4:00 p.m. on Friday, 4 December 2020, existing share certificates for the Existing Shares will only remain effective as documents of title and may be exchanged for share certificates for Consolidated Shares at any time but will not be accepted for delivery, trading and settlement purposes.

Closure of register of members

The register of members of the Company will be closed from Tuesday, 20 October 2020 to Tuesday, 27 October 2020 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the EGM. No transfer of Shares will be registered during the above book closure period.

Shareholders and potential investors should note that the Share Consolidation is conditional upon satisfaction of the conditions as set out in the paragraph headed “Conditions of the Share Consolidation” above. Accordingly, the Share Consolidation may or may not proceed.

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

(2) PROPOSED RIGHTS ISSUE

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

Issue statistics

Basis of the Rights Issue:	Three (3) Rights Shares (in nil-paid form) for every one (1) Consolidated Share held on the Record Date
Subscription Price:	HK\$0.71 per Rights Share
Number of Existing Shares in issue as at the date of this announcement:	1,343,112,768 Existing Shares
Number of Consolidated Shares in issue upon the Share Consolidation having become effective:	134,311,276 Consolidated Shares
Number of Rights Shares:	not less than 402,933,828 Rights Shares (assuming no change in the number of Consolidated Shares in issue on or before the Record Date) and not more than 404,733,828 Rights Shares (assuming no change in the number of Consolidated Shares in issue on or before the Record Date other than the full exercise of outstanding exercisable Share Options and conversion of the Other CB)

Aggregate nominal value of the Rights Shares:	Not less than HK\$4,029,338.28 (assuming no change in the number of Consolidated Shares in issue on or before the Record Date) and not more than HK\$4,047,338.28 (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of outstanding exercisable Share Options and conversion of the Other CB)
Number of issued Consolidated Shares upon completion of the Rights Issue (assuming that the Rights Issue is fully subscribed):	not less than 537,245,104 Consolidated Shares (assuming no change in the number of Consolidated Shares in issue on or before the Record Date and that no new Consolidated Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue) and not more than 539,645,104 Consolidated Shares (assuming no change in the number of Consolidated Shares in issue on or before the Record Date other than the full exercise of outstanding exercisable Share Options and conversion of the Other CB and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)
Maximum funds raised before expenses:	<p>up to approximately HK\$286 million (assuming no outstanding exercisable Share Options being exercised and no part of the Other CB being converted and all the Rights Shares will be taken up)</p> <p>up to approximately HK\$287 million (assuming all outstanding exercisable Share Options being exercised and the Other CB being converted in full and all the Rights Shares will be taken up)</p>

As at the date of this announcement, there are 1,000,000 outstanding Share Options granted by the Company exercisable into 1,000,000 Existing Shares (equivalent to 100,000 Consolidated Shares upon completion of the Share Consolidation). There are also outstanding Convertible Bonds in the principal amount of HK\$105 million (i.e. the Neo CB and the Other CB), which have already fall due on 18 February 2020 and part of the Convertible Bonds in the principal amount of HK\$100 million (i.e. the Neo CB) is held by Neo Tech Inc. as at the date of this announcement. Pursuant to the Irrevocable Undertaking, Ng Concert Party Group has irrevocably and unconditionally undertaken to the Company that it will not dispose of or exercise any conversion rights attached to the Neo CB and such Neo CB will remain beneficially owned by it up to and including the date on which completion of the Rights Issue takes place or the date on which the Company announces that the Rights issue will not proceed, whichever is earlier. Save for the foregoing, the Group had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which

are convertible or exchangeable into Shares. The Company has no intention to issue or grant any Shares, convertible securities, warranties and/or options on or before the Record Date.

Assuming no change in the number of issued Consolidated Shares on or before the Record Date and that no new Consolidated Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 402,933,828 Rights Shares proposed to be issued pursuant to the terms of the Rights Issue represent: (i) approximately 300% of the issued share capital of the Company immediately upon completion of the Share Consolidation; and (ii) approximately 75% of the issued share capital of the Company after completion of the Share Consolidation and as enlarged by the allotment and issue of the Rights Shares.

Assuming no change in the number of issued Consolidated Shares on or before the Record Date other than the full exercise of outstanding exercisable Share Options and conversion of the Other CB and that no new Consolidated Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 404,733,828 Rights Shares proposed to be issued pursuant to the Rights Issue represents (i) approximately 300% of the issued share capital of the Company immediately upon completion of the Share Consolidation; and (ii) approximately 75% of the issued share capital of the Company after completion of the Share Consolidation and as enlarged by the allotment and issue of the Rights Shares.

Non-underwritten basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. In the event that the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders (excluding those Rights Shares to be provisionally allotted to Ng Concert Party Group for which subscription of Rights Shares will be subject to the Irrevocable Undertaking as set out in the paragraph headed “Irrevocable Undertaking” in this announcement) or holders of nil-paid rights together with the NQS Unsold Rights Shares will be placed to independent places on a best effort basis under the Compensatory Arrangements. Any Unsubscribed Rights Shares or NQS Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There are no statutory requirements regarding minimum subscription levels in respect of the Rights Issue. There is no minimum amount to be raised under the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, any 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, unless a waiver from the Executive has been obtained in accordance with Rule 7.19(5)(b) of the Listing Rules. In this regard, an application to the Executive for the Whitewash Waiver in respect of the Irrevocable Undertaking and the Subscription Agreement will be made by Ng Concert Party Group.

Irrevocable Undertaking

As at the date of this announcement, Ng Concert Party Group is interested in 265,980,000 Shares, representing approximately 19.8% of the total number of the existing issued Shares.

Pursuant to the Irrevocable Undertaking, (i) Ng Concert Party Group has undertaken to the Company that they will subscribe for 79,794,000 Rights Shares which comprise the full acceptance of their provisional entitlement in respect of 26,598,000 Consolidated Shares beneficially held by them (upon completion of the Share Consolidation) provided that the total number of the Rights Shares to be subscribed by Ng Concert Party Group under the Rights Issue will be scaled down to the extent that their aggregate percentage shareholding in the Company will be not more than 34.99% immediately after completion of the Rights Issue (exceeding which the SFC Approval would be required); (ii) they will not dispose of 265,980,000 Existing Shares or 26,598,000 Consolidated Shares (upon completion of the Share Consolidation) comprising the shareholding in the Company owned by Ng Concert Party Group and such 265,980,000 Existing Shares or 26,598,000 Consolidated Shares (upon completion of the Share Consolidation) will remain beneficially owned by them up to and including the date on which completion of the Rights Issue takes place or the date on which the Company announces that the Rights Issue will not proceed, whichever is earlier; and (iii) Neo Tech Inc. will not dispose of or exercise any conversion rights attached to the Neo CB and such Neo CB will remain beneficially owned by it up to and including the date on which completion of the Rights Issue takes place or the date on which the Company announces that the Rights Issue will not proceed, whichever is earlier. Consequently, the Irrevocable Undertaking will be subject to the Whitewash Waiver but no SFC Approval will be required.

Save for the Irrevocable Undertaking, the Company has not received any information or irrevocable undertaking from any other Shareholders of their intention in relation to the Rights Shares to be allotted and issued to them under the Rights Issue as at the date of this announcement.

Subscription price

The Subscription Price is HK\$0.71 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (a) a discount of approximately 23.66% to the theoretical closing price of HK\$0.93 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.093 per Share as quoted on the Stock Exchange on the Last Trading Day;

- (b) a discount of approximately 27.55% to the theoretical average closing price of HK\$0.98 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of HK\$0.098 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (c) a discount of approximately 31.73% to the theoretical average closing price of HK\$1.04 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of HK\$0.104 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (d) a discount of approximately 7.79% to the theoretical ex-rights price of HK\$0.77 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the theoretical ex-rights price of approximately HK\$0.077 per Share based on the closing price of HK\$0.093 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (e) a discount of approximately 8.97% to the theoretical ex-rights price of HK\$0.78 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the theoretical ex-rights price of approximately HK\$0.078 per Share based on the average closing price of HK\$0.098 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (f) a discount of approximately 10.13% to the theoretical ex-rights price of HK\$0.79 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the theoretical ex-rights price of approximately HK\$0.079 per Share based on the average closing price of HK\$0.104 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day; and
- (g) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 20.41% of the theoretical diluted price of HK\$0.78 per Consolidated Share to the benchmarked price of HK\$0.98 per Consolidated Share (after taking into account the effect of the Share Consolidation) (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$0.93 per Consolidated Share and the average closing prices of the Shares as quoted on the Stock Exchange in the five (5) consecutive trading days immediately prior to the Last Trading Day of HK\$0.98 per Consolidated Share).

The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the provisional allotment of Rights Shares will be approximately HK\$0.70.

The Subscription Price was determined by the Company with reference to, amongst other factors, (i) the recent closing prices of the Shares; (ii) the prevailing market conditions; (iii) the Company recorded a loss attributable to owners of the Company of approximately HK\$380 million for the year ended 31 December 2019; and (iv) the funding and capital needs of the Company for its repayment of outstanding liabilities, business plans and prospect set out in the paragraph headed “Reasons for the Rights Issue” below.

After taking into consideration the reasons for the Rights Issue as stated in the paragraph headed “Reasons for the Rights Issue” below, the Directors consider that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

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. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions, which may be declared, made or paid, the record date of which is after the date of allotment and issue of the Rights Shares in their fully-paid form.

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company on the Record Date and not be a Non-Qualifying Shareholder. In order to be registered as members of the Company at the close of business on the Record Date, any relevant transfer documents (together with the relevant share certificates) must be lodged with the Registrar at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration no later than 4:30 p.m. on Monday, 2 November 2020. It is expected that the last day of dealings in the Shares on a cum-rights basis is Thursday, 29 October 2020 and the Shares will be dealt with on an ex-rights basis from Friday, 30 October 2020.

The Company will despatch the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date.

Application for all or any part of a Qualifying Shareholder’s provisional allotment should be made by completing the PAL and lodging the same with a cheque or banker’s cashier order for the Rights Shares being applied for with the Registrar at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong on or before 4:00 p.m. on the Latest Acceptance Date.

The Qualifying Shareholders who take up their pro-rata entitlement in full will not experience any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements). **If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.**

Closure of register of members

The register of members of the Company will be closed from Tuesday, 3 November 2020 to Monday, 9 November 2020 (both dates inclusive) for determining the entitlements to the Rights Issue. No transfer of Consolidated Shares will be registered during this period.

Basis of provisional allotments

The basis of the provisional allotment shall be three (3) Rights Shares (in nil-paid form) for every one (1) Consolidated Share held by the Qualifying Shareholders as at the close of business on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by duly completing a PAL and lodging the same with 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. There will be no excess application arrangements in relation to the Rights Issue.

Non-Qualifying Shareholders

The Prospectus Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. The Company will send copies of the Prospectus and a letter in the agreed form to the Non-Qualifying Shareholders for their information only, but will not send the PAL to them. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

The Board will make enquiry regarding the legal restrictions under the laws of the relevant overseas place(s) and the requirements of the relevant regulatory body or stock exchange pursuant to Rule 13.36(2)(a) of the Listing Rules. If, after making such enquiry and based on legal opinion provided by the legal advisers to the Company, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to any Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in the relevant place(s), no offer of the Rights Shares will be made to such Overseas Shareholders. Accordingly, the Rights Issue will not be extended to the Non-Qualifying Shareholders.

As at 31 August 2020, there are four Overseas Shareholders with registered address located in the PRC, interested in a total of 5,320,000 Existing Shares, representing approximately 0.40% of the total number of the existing issued Shares. On that basis, the Overseas Shareholders will not be excluded from the Rights Issue.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence on the Stock Exchange and in any event before the last day of dealing in the nil-paid Rights Shares, if a premium (net of expenses) can be obtained. The net proceeds of such sale, less expenses, will be paid pro rata to the Non-Qualifying Shareholders in Hong Kong dollars as soon as practicable except that the Company will

retain individual amounts of HK\$100 or less for its own benefit. Any NQS Unsold Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form, will be placed by the Placing Agent on a best effort basis at the price at least equal to the Subscription Price under the Placing Agreement together with the Unsubscribed Rights Shares. Any Unsubscribed Rights Shares and the NQS Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. For the Rights Shares in nil-paid form 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.

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.

Fractions of the Rights Shares

On the basis of three (3) Rights Shares for every one (1) Consolidated Share held on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

Odd lots matching services

In order to facilitate the trading of odd lots of the Rights Shares arising from the Rights Issue, a designated broker, Nerico Brothers Limited, has been appointed by the Company to match the purchase and sale of odd lots of the Shares at the relevant market price per Share. Nerico Brothers Limited confirmed that it and its ultimate beneficial owner(s) (i) are not Shareholder; (ii) they are Independent Third Parties; and (iii) they are independent of and not acting in concert with Ng Concert Party Group and no member of the Ng Concert Party Group will involve in the odd lots matching services.

Holders of the Shares in odd lots represented by valid share certificates for the Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full board lot, may directly or through their brokers, contact Mr. Mok Wing Hon at (852) 3420 1054 of Nerico Brothers Limited or by facsimile at (852) 3101 4007. Holders of odd lots of Shares should note that successful matching of the sale and purchase of odd lots of Shares is on a best effort basis and not guaranteed. Any Shareholder who is in any doubt about the odd lot arrangement is recommended to consult his/her/its own professional advisers.

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

According to Rule 7.21(1)(b) of the Listing Rules, the Company will make arrangements to dispose of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by offering the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent placees for the benefit of the Shareholders to whom they were offered by way of the Rights Issue. Accordingly, on 11 September 2020 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent placees on a best effort basis.

Pursuant to the Placing Agreement, the Company has appointed the Placing Agent to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares during the Placing Period to independent placees on a best effort basis, and any premium over the Subscription Price for those Rights Shares that is realised will be paid to those No Action Shareholders on a pro-rata basis. The Placing Agent will, on a best effort basis, procure, by not later than 4:00 p.m. on Monday, 30 November 2020, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and the NQS Unsold Rights Shares. Any Unsubscribed Rights Shares and the NQS Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Net Gain (if any) will be paid (without interest) to the No Action Shareholders as set out below on pro rata basis (but rounded down to the nearest cent):

- A. 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
- B. the relevant Non-Qualifying Shareholders with reference to their shareholdings in the Company on the Record Date.

If and to the extent in respect of any Net Gain, any No Action Shareholders become entitled on the basis described above to an amount of HK\$100 or more, such amount will be paid to the relevant No Action Shareholder(s) in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit.

Placing Agreement for the Unsubscribed Rights Shares and NQS Unsold Rights Shares

Details of the Placing Agreement are summarised as follows:

Date: 11 September 2020

Issuer: The Company

Placing Agent: Nerico Brothers Limited was appointed as the Placing Agent to procure, on a best efforts basis, placees to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares during the Placing Period.

The Placing Agent confirmed that it and its ultimate beneficial owner(s) (i) are not Shareholder; (ii) they are Independent Third Parties; and (iii) they are independent of and not acting in concert with Ng Concert Party Group and no member of the Ng Concert Party Group will involve in the identification, screening and selection of the independent placees.

Placing Period: The period commencing from the second Business Day after the Latest Time for Acceptance and ending on 4:00 p.m. on the fourth Business Day after the Latest Time for Acceptance.

Commission and expenses: Subject to completion of the Placing, the Company shall pay to the Placing Agent a placing commission in Hong Kong dollars, of 2% of the amount which is equal to the placing price multiplied by the number of Unsubscribed Rights Shares and the NQS Unsold Rights Shares that have been successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement.

Placing price of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares: The placing price of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares shall be not less than the Subscription Price and the final price determination will be depended on the demand for and the market conditions of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares during the process of placement.

Placees: The Unsubscribed Rights Shares and the NQS Unsold Rights Shares are expected to be placed to placee(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies) and independent of and not acting in concert with Ng Concert Party Group.

For the avoidance of doubt, no placee shall become a substantial shareholder of the Company.

Ranking of Unsubscribed Rights Shares and the NQS Unsold Rights Shares: Unsubscribed Rights Shares and the NQS Unsold Rights Shares (when allotted, issued and fully paid) shall rank *pari passu* in all respects among themselves and with the existing Shares in issue as at the date of completion of the Rights Issue.

Conditions of the Placing Agreement: The obligations of the Placing Agent under the Placing Agreement are conditional upon, among others, the following conditions being fulfilled:

- (i) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Rights Shares;
- (ii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained; and
- (iii) the Placing Agreement not having been terminated in accordance with the provisions thereof, including provisions regarding the force majeure events.

As at the date of this announcement, other than (i) internal approval by the board of directors of the Placing Agent and the Company, which have already been obtained by the Placing Agent and the Company; (ii) approval from the Stock Exchange for the listing of and permission to deal in the Rights Shares; (iii) approval from Independent Shareholders at the EGM to approve the Rights Issue, the Placing, the Irrevocable Undertaking, the Subscription Agreement; and (iv) the Whitewash Waiver, there is no other consent and approval required. In the event that the above condition precedents have not been fulfilled on or before the Latest Time for Termination, all rights, obligations and liabilities of the parties thereunder in relation to the Placing shall cease and determine and none of the parties shall have any claim against the other in respect of the Placing (save for any antecedent breaches thereof).

The engagement between the Company and the Placing Agent of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares (including the commission payable) was determined after arm's length negotiation between the Placing Agent and the Company and is on normal commercial terms with reference to the market comparables, the existing financial position of the Group, the size of the Rights Issue, and the current and expected market conditions. The Directors (other than the non-executive Director and the independent non-executive Directors who will be members of the Whitewash Independent Board Committee and will form their view after taking advice from the

independent financial adviser) consider that the terms of Placing Agreement for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares (including the commission payable) are on normal commercial terms.

As explained above, the Unsubscribed Rights Shares and the NQS Unsold Rights Shares will be placed by the Placing Agent to Independent Third Parties on a best effort basis for the benefits of the No Action Shareholders. If all or any of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares are successfully placed, any premium over the Subscription Price will be distributed to the relevant No Action Shareholders.

The Board is of the view that the above Compensatory Arrangements are fair and reasonable and are in the best interests of the Shareholders as a whole:

- (i) the arrangements are in compliance with the requirements under Rule 7.21(1)(b) of the Listing Rules under which the No Action Shareholders may be compensated even if they do nothing (i.e. neither subscribe for Rights Shares nor sell their nil-paid rights) because under the arrangements, the Unsubscribed Rights Shares and the NQS Unsold Rights Shares will be first offered to Independent Third Parties and any premium over the Subscription Price will be paid to the No Action Shareholders. The commission payable to the Placing Agent and the related fees and expenses in relation to such placing will be borne by the Company;
- (ii) the Compensatory Arrangements (including the determination of the placing price) will be managed by an independent licensed placing agent which is subject to the stringent code of conduct over, among others, pricing and allocation of the placing Shares. The Placing Agent and its ultimate beneficial owner(s) (a) are not Shareholder; (b) are Independent Third Parties; and (c) they are independent of and not acting in concert with Ng Concert Party Group and no member of the Ng Concert Party Group will involve in the identification, screening and selection of the independent placees; and
- (iii) the Compensatory Arrangements will not only provide an additional channel of participation in the Rights Issue for the Qualifying Shareholders and the Non-Qualifying Shareholders, it also provides a distribution channel of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to the Company.

Conditions of the Rights Issue

The Rights Issue is conditional upon:

- (a) the passing of the necessary resolutions at the EGM to approve the Share Consolidation and the Share Consolidation having become effective;
- (b) the passing by the Independent Shareholders who are entitled to vote and not required to abstained from voting under the Listing Rules and the Takeovers Code of the necessary resolution(s) at the EGM to approve the Rights Issue, the Placing, the Irrevocable Undertaking, the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver;
- (c) the granting of the Whitewash Waiver by the Executive;

- (d) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents duly signed by all the 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 Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the laws of Hong Kong) not later than the Prospectus Posting Date;
- (e) the posting of the Prospectus Documents to the Qualifying Shareholders by the Prospectus Posting Date and the posting of the Prospectus and a letter to the Non-Qualifying Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;
- (f) the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Rights Shares (in their nil-paid and fully-paid forms) by no later than the business day prior to the first day of their dealings;
- (g) the compliance with and performance of all the undertakings and obligations of Ng Concert Party Group or any of their nominee(s), under the Irrevocable Undertaking; and
- (h) compliance with the requirements under the applicable laws and regulations of Hong Kong.

The above conditions precedent are incapable of being waived. If any of the above conditions precedent is not satisfied by the Latest Time for Termination, the Rights Issue will not proceed.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. No part of the securities of the Company in issue or for which listing or permission to deal is being or is proposed to be sought is listed or dealt in or on any other stock exchange.

The board lot size of the nil-paid Rights Shares shall be the same as that of the fully-paid Rights Shares, i.e. 6,000 Consolidated Shares in one board lot.

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 the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy and other applicable fees and charges in Hong Kong.

Share certificates for the Rights Shares and refund cheques

Subject to the fulfilment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be sent by ordinary post on or before Tuesday, 8 December 2020 to those persons who have validly accepted and, where applicable, applied for, and paid for the Rights Shares, at their own risk.

If the Rights Issue does not proceed, the monies received in respect of the relevant provisional allotments will be refunded to the Qualifying Shareholders or such other person to whom the nil-paid rights have been validly renounced or transferred or, in the case of joint acceptances, to the first-named person, without interest and by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other person to their registered addresses by the Registrar on or around Tuesday, 8 December 2020.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both 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 commencement date of dealings in the Rights 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 CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

THE SUBSCRIPTION

On 31 July 2020 (after trading hours of the Stock Exchange), the Company entered into the Subscription Agreement with the Subscriber, Neo Tech Inc. Details of the Subscription Agreement are set out below.

THE SUBSCRIPTION AGREEMENT

Date: 31 July 2020 (after trading hours of the Stock Exchange)

Parties: (i) the Company; and
(ii) Neo Tech Inc.

Subscription Shares

Pursuant to the Subscription Agreement, the Company conditionally agreed to allot and issue, and the Subscriber conditionally agreed to subscribe for the Subscription Shares. The final number of the Subscription Shares will be determined based on the results of the Rights Issue and will be equivalent to the number of the Unsold Rights Shares and subject to the minimum 25% public float requirement under the Listing Rules such that immediately after completion of the Subscription, the shareholding interest of Ng Concert Party Group in the Company would be not more than 75% of the issued share capital of the Company.

The Subscription Shares will be allotted and issued under a specific mandate to be approved by an ordinary resolution by the Independent Shareholders at the EGM.

Assuming completion of Rights Issue with no outstanding Share Options being exercised and not all the Qualifying Shareholders have taken up any entitled Rights Shares, and subject to the minimum 25% public float requirement under the Listing Rules, the maximum number of 330,644,157 Subscription Shares to be allotted and issued under the Subscription represent approximately 246.18% of the issued share capital of the Company immediately upon completion of the Share Consolidation; and (ii) approximately 61.54% of the issued share capital of the Company immediately upon completion of the Share Consolidation, the Rights Issue and the Subscription. The aggregate nominal value of the maximum number of 330,644,157 Subscription Shares is HK\$3,306,441.57 (upon completion of the Share Consolidation) and the market value of the Subscription Shares is approximately HK\$307,499,000 (upon completion of the Share Consolidation), based on the last closing price of HK\$0.093 per Share as quoted on the Stock Exchange prior to the entering into of the Subscription Agreement.

Assuming completion of Rights Issue with all outstanding Share Options being exercised and the Other CB being converted on or before the Record Date and not all the Qualifying Shareholders have taken up any entitled Rights Shares, and subject to the minimum 25% public float requirement under the Listing Rules, the maximum number of 332,121,222 Subscription Shares to be allotted and issued under the Subscription represent approximately 247.28% of the issued share capital of the Company immediately upon completion of the Share Consolidation; and (ii) approximately 61.54% of the issued share capital of the Company immediately upon completion of the Share Consolidation, the Rights Issue and the Subscription. The aggregate nominal value of the maximum number of 332,121,222 Subscription Shares is HK\$3,321,212.22 (upon completion of the Share Consolidation) and the market value of the Subscription Shares is approximately HK\$308,873,000 (upon completion of the Share Consolidation), based on the last closing price of HK\$0.093 per Share as quoted on the Stock Exchange prior to the entering into of the Subscription Agreement.

Ranking of the Subscription Shares

The Subscription Shares, when allotted and issued, will rank equally in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Subscription Shares.

Subscription Price

The subscription price under the Subscription Agreement is equivalent to the Subscription Price under the Rights Issue and the Board (other than Mr. Ng, who is the sole shareholder of Neo Tech Inc. and interested in the Subscription Agreement and was required to abstain from voting on the relevant Board resolution(s) approving the Subscription Agreement by virtue of him having a material interest in the Subscription Agreement and the independent non-executive Directors who will form their view after taking advice from the independent financial adviser) considers that the subscription price and the terms of the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Assuming completion of the Rights Issue with no outstanding Share Options being exercised and not all the Qualifying Shareholders have taken up any entitled Rights Shares, and subject to the minimum 25% public float requirement under the Listing Rules, the Subscriber will subscribe a maximum number of 330,644,157 Subscription Shares and the aggregate gross proceeds of the Subscription will be approximately HK\$234,757,000 and the aggregate net proceeds of the Subscription, after deduction of expenses, are estimated to be approximately HK\$234.5 million, representing a net issue price of approximately HK\$0.71 per Subscription Share.

Assuming completion of the Rights Issue with all outstanding Share Options being exercised and the Other CB being converted on or before the Record Date and not all the Qualifying Shareholders have taken up any entitled Rights Shares, and subject to the minimum 25% public float requirement under the Listing Rules, the Subscriber will subscribe a maximum number of 332,121,222 Subscription Shares and the aggregate gross proceeds of the Subscription will be approximately HK\$235,806,000 and the aggregate net proceeds of the Subscription, after deduction of expenses, are estimated to be approximately HK\$235.5 million, representing a net issue price of approximately HK\$0.71 per Subscription Share.

Conditions precedent of the Subscription Agreement

Completion of the Subscription Agreement is conditional upon the satisfaction of the following conditions:

- (a) the Listing Committee granting the listing of and permission to deal in the Subscription Shares;
- (b) the passing by the Independent Shareholders who are entitled to vote and not required to be abstained from voting under the Listing Rules and the Takeovers Code at the EGM of the necessary resolution(s) to approve the Rights Issue, the Placing, the Irrevocable Undertaking, the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver;
- (c) all necessary consents and approvals required to be obtained by the Company and the Subscriber in respect of the Subscription Agreement and the transactions contemplated thereby (including but not limited to the SFC Approval) having been obtained;

- (d) the granting of the Whitewash Waiver by the Executive; and
- (e) the completion of the Rights Issue.

As at the date of this announcement, other than (i) internal approval by the board of directors of the Company and the Subscriber, which have already been obtained by the Company and the Subscriber, respectively; (ii) approval from the Stock Exchange for the listing of and permission to deal in the Subscription Shares; (iii) approval from Independent Shareholders at the EGM to approve the Subscription Agreement and the grant of specific mandate to allot and issue Subscription Shares; (iv) the SFC Approval; and (v) the Whitewash Waiver, there is no other consent and approval required. None of the above conditions precedent are waivable. In the event that the above conditions precedent are not fulfilled on or before 5:00 p.m. on 31 December 2020 (or such other time and date as may be agreed by the Company and the Subscriber), all rights, obligations and liabilities of the parties to the Subscription Agreement shall cease and determine and neither the Company nor the Subscriber shall have any claim against the other, save for any antecedent breaches of the terms under the Subscription Agreement.

Completion

Completion of the Subscription Agreements shall take place at 4:00 p.m. within three Business Days after the conditions precedent of the Subscription Agreement are fulfilled (or such other time and date as may be agreed by the Company and the Subscriber).

Application for listing

An application will be made by the Company to the Listing Committee for the approval of the listing of, and permission to deal in, the Subscription Shares.

REASONS FOR THE SUBSCRIPTION

The Subscription Agreement allows the Subscriber to subscribe for the Unsold Rights Shares such that the Company would be able to raise as much proceeds as originally contemplated under the Rights Issue in the event that there are Rights Shares which remain unsubscribed and unsold in the market under the Rights Issue. The aggregate net proceeds of the Subscription will be applied by the Company for the purposes set out in the paragraph headed "Use of proceeds" in this announcement. Further announcement(s) will be made by the Company as to the final amount of the net proceeds raised by the Company under the Rights Issue and the Subscription and the detailed plan for the use of proceeds upon completion of the Rights Issue and the Subscription. In addition, underwriting of the Rights Issue by the Subscriber will be subject to the SFC Approval and hence completion of the Rights Issue may be prolonged. Without underwriting of the Rights Issue, the Rights Issue may complete first and any Unsold Rights Shares will be subscribed by the Subscriber under the Subscription Agreement and will be subject to the SFC Approval.

Based on the above, the Board (other than Mr. Ng, who is the sole shareholder of Neo Tech Inc. and interested in the Subscription Agreement and was required to abstain from voting on the relevant Board resolution(s) approving the Subscription Agreement by virtue of him having a material interest in the Subscription Agreement and the independent non-executive Directors who will form their view after taking advice from the independent financial adviser) considers that the Subscription Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Subscriber and that the terms of the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Share Consolidation; (iii) immediately after completion of the Share Consolidation and the Rights Issue assuming all Shareholders have taken up all the entitled Rights Shares; (iv) immediately after completion of the Share Consolidation and the Rights Issue assuming none of the Qualifying Shareholders (other than Ng Concert Party Group) have taken up any entitled Rights Shares; and (v) immediately after completion of the Share Consolidation, the Rights Issue and the Subscription:

- (a) assuming no outstanding Share Options being exercised and there is no other change in the shareholding structure of the Company before the completion of the Rights Issue:

	As at the date of this announcement		Immediately after completion of the Share Consolidation		Immediately after completion of the Share Consolidation and the Rights Issue (assuming all Shareholders have taken up all the entitled Rights Shares)		Immediately after completion of the Share Consolidation and the Rights Issue assuming none of the Qualifying Shareholders (other than Ng Concert Party Group) have taken up any entitled Rights Shares (Note 3)		Immediately after completion of the Share Consolidation, the Rights Issue and the Subscription (Note 4)	
	Number of issued Shares	Approximate %	Number of issued Shares	Approximate %	Number of issued Shares	Approximate %	Number of issued Shares	Approximate %	Number of issued Shares	Approximate %
Major Shareholder										
Mr. Ng (Note 1)	612,000	0.05	61,200	0.05	244,800	0.05	364,511	0.22	268,623	0.05
Neo Tech Inc. (Note 2)	265,368,000	19.75	26,536,800	19.75	106,147,200	19.75	57,609,454	34.77	402,665,205	74.95
Public Shareholder										
Other Shareholders	<u>1,077,132,768</u>	<u>80.20</u>	<u>107,713,276</u>	<u>80.20</u>	<u>430,853,104</u>	<u>80.20</u>	<u>107,713,276</u>	<u>65.01</u>	<u>134,311,276</u>	<u>25.00</u>
Total	<u><u>1,343,112,768</u></u>	<u><u>100.00</u></u>	<u><u>134,311,276</u></u>	<u><u>100.00</u></u>	<u><u>537,245,104</u></u>	<u><u>100.00</u></u>	<u><u>165,687,241</u></u>	<u><u>100.00</u></u>	<u><u>537,245,104</u></u>	<u><u>100.00</u></u>

Notes:

- (1) Mr. Ng is the chairman of the Board and an executive Director.

- (2) Neo Tech Inc. is a company incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by Mr. Ng. Mr. Ng is therefore deemed to be interested in 265,368,000 Shares for the purposes of the SFO.
- (3) Subscription of Rights Shares by Ng Concert Party Group will be subject to the Irrevocable Undertaking as set out in the paragraph headed “Irrevocable Undertaking” in this announcement.
- (4) On a hypothetical scenario that Ng Concert Party Group will subscribe 45,691,671 Rights Shares and the public Shareholders will subscribe 26,598,000 Rights Shares such that immediately after completion of the Rights Issue, Ng Concert Party Group will hold 72,289,671 Consolidated Shares (representing approximately 34.99% of the issued share capital of the Company immediately after completion of the Rights Issue) and the public Shareholders will hold 134,311,276 Consolidated Shares (representing approximately 65.01% of the issued share capital of the Company immediately after completion of the Rights Issue) and thereafter Neo Tech Inc. will subscribe for a maximum of 330,644,157 Subscription Shares such that immediately after completion of the Subscription, Ng Concert Party Group will hold 402,933,828 Consolidated Shares (representing approximately 75% of the issued share capital of the Company immediately after completion of the Subscription) and the public Shareholders will hold 134,311,276 Consolidated Shares (representing approximately 25% of the issued share capital of the Company immediately after completion of the Subscription).
- (5) Other than Mr. Ng, there are no Directors holding any shareholding interest in the Company as at the date of this announcement.
- (b) assuming all the outstanding Share Options being exercised and the Other CB being converted on or before the Record Date and there is no other change in the shareholding structure of the Company before the completion of the Rights Issue:

	As at the date of this announcement		Immediately after completion of the Share Consolidation		Immediately after completion of the Share Consolidation and upon full exercise of all outstanding Share Options and full conversion of the Other CB on or before the Record Date		Immediately after completion of the Share Consolidation and the Rights Issue		Immediately after completion of the Share Consolidation and the Rights Issue (assuming full exercise of outstanding Share Options and full conversion of the Other CB on or before the Record Date and none of the Qualifying Shareholders (other than Ng Concert Party Group) have taken up any entitled Rights Shares) (Note 3)		Immediately after completion of the Share Consolidation, the Rights Issue and the Subscription (Note 4)	
	Number of issued Shares	Approximate % issued Shares	Number of issued Shares	Approximate % issued Shares	Number of issued Shares	Approximate % issued Shares	Number of issued Shares	Approximate % issued Shares	Number of issued Shares	Approximate % issued Shares	Number of issued Shares	Approximate % issued Shares
Major Shareholder and Director												
Mr. Ng (Note 1)	612,000	0.05	61,200	0.05	61,200	0.05	244,800	0.05	366,542	0.22	269,823	0.05
Neo Tech Inc. (Note 2)	265,368,000	19.75	26,536,800	19.75	26,536,800	19.67	106,147,200	19.67	57,930,358	34.77	404,464,005	74.95
Public Shareholder												
Holder of outstanding Share Options	—	—	—	—	100,000	0.07	400,000	0.07	100,000	0.06	377,753	0.07
Holder of the Other CB	—	—	—	—	500,000	0.37	2,000,000	0.37	500,000	0.30	1,996,686	0.37
Other Shareholders	1,077,132,768	80.20	107,713,276	80.20	107,713,276	79.84	430,853,104	79.84	107,713,276	64.65	132,536,837	24.56
Total	1,343,112,768	100.00	134,311,276	100.00	134,911,276	100.00	539,645,104	100.00	166,610,176	100.00	539,645,104	100.00

Notes:

- (1) Mr. Ng is the chairman of the Board and an executive Director.
- (2) Neo Tech Inc. is a company incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by Mr. Ng. Mr. Ng is therefore deemed to be interested in 265,368,000 Shares for the purposes of the SFO.
- (3) Subscription of Rights Shares by Ng Concert Party Group will be subject to the Irrevocable Undertaking as set out in the paragraph headed “Irrevocable Undertaking” in this announcement.
- (4) On a hypothetical scenario that Ng Concert Party Group will subscribe 46,014,606 Rights Shares and the public Shareholders will subscribe 26,598,000 Rights Shares such that immediately after completion of the Rights Issue, Ng Concert Party Group will hold 72,612,606 Consolidated Shares (representing approximately 34.99% of the issued share capital of the Company immediately after completion of the Rights Issue) and the public Shareholders will hold 134,911,276 Consolidated Shares (representing approximately 65.01% of the issued share capital of the Company immediately after completion of the Rights Issue) and thereafter Neo Tech Inc. will subscribe for a maximum of 332,121,222 Subscription Shares such that immediately after completion of the Subscription, Ng Concert Party Group will hold 404,733,828 Consolidated Shares (representing approximately 75.00% of the issued share capital of the Company immediately after completion of the Subscription) and the public Shareholders will hold 134,911,276 Consolidated Shares (representing approximately 25% of the issued share capital of the Company immediately after completion of the Subscription).
- (5) Other than Mr. Ng, there are no Directors holding any shareholding interest in the Company as at the date of this announcement.

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

The Company has conducted the following equity fund raising activity in the past twelve months immediately before the date of this announcement:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
26 February 2020 and 20 April 2020	Placing of new Shares under general mandate	Approximately HK\$17.97 million	Working capital of the Group	The proceeds was fully utilised as intended
17 July 2020 and 4 August 2020	Placing of new Shares under general mandate	Approximately HK\$22.96 million	Working capital of the Group	Part of the proceeds have been applied for the intended purpose and the remaining part will be applied for the intended purpose

Save as disclosed above, the Company had not conducted any fund raising activity involving issue of its securities in the past twelve months immediately preceding the date of this announcement.

EXPECTED TIMETABLE FOR THE RIGHTS ISSUE

The expected timetable for the Share Consolidation and the Rights Issue is set out below and is subject to change. Any such change will be further announced by the Company as and when appropriate.

Event	Date (Hong Kong time)
Entering into of the Subscription Agreement	Friday, 31 July 2020
Entering into of the Placing Agreement and publication of this announcement	Friday, 11 September 2020
Despatch of Company's circular in relation to the Share Consolidation, the Rights Issue, the Placing, the Irrevocable Undertaking, the Subscription Agreement and the Whitewash Waiver to the Shareholders together with notice of EGM and proxy form for EGM	Friday, 2 October 2020
Latest time for lodging transfer documents of the Shares to qualify for attendance and voting at the EGM	4:30 p.m. on Monday, 19 October 2020
Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the EGM (both dates inclusive)	Tuesday, 20 October 2020 to Tuesday, 27 October 2020
Latest time for lodging proxy forms for the EGM	12 noon on Sunday, 25 October 2020
Record date for attendance and voting at the EGM	Tuesday, 27 October 2020
Expected date and time of the EGM to approve the proposed Share Consolidation, the Rights Issue, the Placing, the Irrevocable Undertaking, the Subscription Agreement and the Whitewash Waiver	12 noon on Tuesday, 27 October 2020
Announcement of the poll result of the EGM	Tuesday, 27 October 2020
Register of members re-open	Wednesday, 28 October 2020
Effective date of the Share Consolidation	Thursday, 29 October 2020
Commencement of dealings in the Consolidated Shares	9:00 a.m. on Thursday, 29 October 2020

Event	Date (Hong Kong time)
Original counter for trading in Existing Shares in the board lot size of 6,000 Existing Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Thursday, 29 October 2020
Temporary counter for trading in the Consolidated Shares in the board lot size of 600 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Thursday, 29 October 2020
First day of free exchange of existing share certificates for new share certificates for Consolidated Share	Thursday, 29 October 2020
Last day of dealings in the Consolidated Shares on a cum-entitlement basis relating to the Rights Issue	Thursday, 29 October 2020
First day of dealings in Consolidated Shares on an ex-entitlement basis relating to the Rights Issue	Friday, 30 October 2020
Latest time for the Shareholders to lodge transfer documents of Consolidated Shares in order to be qualified for the Rights Issue	4:30 p.m. on Monday, 2 November 2020
Closure of register of members to determine the eligibility of the Rights Issue (both dates inclusive)	Tuesday, 3 November 2020 to Monday, 9 November 2020
Record date for the Rights Issue	Monday, 9 November 2020
Register of members re-opens	Tuesday, 10 November 2020
Despatch of the Prospectus Documents (including the PAL and the Prospectus) (in case of the Non-Qualifying Shareholders, the Prospectus only)	Tuesday, 10 November 2020
Original counter for trading in the Consolidated Shares in the board lot size of 6,000 Consolidated Shares (in the form of new share certificates) reopens	9:00 a.m. on Thursday, 12 November 2020
Parallel trading in the Consolidated Shares (in the form of both existing share certificates and new share certificates) commences	9:00 a.m. on Thursday, 12 November 2020
Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares	Thursday, 12 November 2020
First day of dealings in nil-paid Rights Share	Thursday, 12 November 2020
Latest time for splitting the PAL	4:30 p.m. on Monday, 16 November 2020
Last day of dealing in nil-paid Rights Shares	Thursday, 19 November 2020

Event	Date (Hong Kong time)
Latest time for acceptance of and payment for the Rights Shares	4:00 p.m. on Tuesday, 24 November 2020
Announcement of the number of Unsubscribed Rights Shares and NQS Unsold Rights Shares subject to the Compensatory Arrangements	Wednesday, 25 November 2020
Commencement of placing of Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent	Thursday, 26 November 2020
Latest time of placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent	4:00 p.m. on Monday, 30 November 2020
Latest Time for Termination	4:00 p.m. on Tuesday, 1 December 2020
Temporary counter for trading in the Consolidated Shares in the board lot size of 600 Consolidated Shares (in the form of existing share certificates) closes	4:10 p.m. on Wednesday, 2 December 2020
Parallel trading in Consolidated Shares (represented by both existing share certificates and new share certificates) ends	4:10 p.m. on Wednesday, 2 December 2020
Designated broker ceases to provide matching services for odd lots of the Consolidated Shares	4:10 p.m. on Wednesday, 2 December 2020
Latest time for free exchange of existing share certificates for new share certificates	Friday, 4 December 2020
Announcement of results of the Rights Issue (including results of the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the amount of the Net Gain per Unsubscribed Rights Share and NQS Unsold Rights Share under the Compensatory Arrangements)	Monday, 7 December 2020
Despatch of share certificates for fully-paid Rights Shares and refund cheques in relation to unsuccessful applications	Tuesday, 8 December 2020
Commencement of dealings in fully-paid Rights Shares	9:00 a.m. on Wednesday, 9 December 2020

EFFECT OF BAD WEATHER 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 if a tropical cyclone warning signal no. 8 or above, or “extreme conditions” caused by super typhoons, or a “black” rainstorm warning is:

- i. in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Acceptance Date. Instead the deadline for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; and
- ii. in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Acceptance Date. Instead the deadline 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 the Latest Acceptance Date, the dates mentioned in the paragraph headed “Expected Timetable for the Rights Issue” in this announcement 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.

INFORMATION ON THE PLACING AGENT

The Placing Agent is a corporation licensed to carry out Type 1 (dealings in securities), Type 2 (dealing in futures contracts), Type 3 (leveraged foreign exchange trading) and Type 9 (asset management) regulated activities under the SFO.

The Placing Agent confirmed that it and its ultimate beneficial owner(s) (i) are not Shareholder; (ii) they are Independent Third Parties; and (iii) are independent of and not acting in concert with Ng Concert Party Group and no member of the Ng Concert Party Group will involve in the identification, screening and selection of the independent places.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

INFORMATION ON THE SUBSCRIBER

Neo Tech Inc., the Subscriber, is a company incorporated in the British Virgin Islands with limited liability and is wholly owned by Mr. Ng. It is an investment holding company and a substantial Shareholder, holding 265,368,000 Shares as the date of this announcement, representing approximately 19.75% of the total number of the existing issued Shares.

REASONS FOR THE RIGHTS ISSUE

The Group is principally engaged in securities brokerage and assets management, trading of party products, advancing business, credit guarantee and investment business and trading of metals and minerals.

As disclosed in the annual report of the Company for the year ended 31 December 2019, (i) as at 31 December 2019, the total current liabilities, net current liabilities and negative equity of the Group amounted to approximately HK\$197 million, HK\$110 million and HK\$101 million respectively; and (ii) the Group's revenue generated from securities brokerage and assets management business segment of the Group decreased to HK\$0.73 million for the year ended 31 December 2019. The decrease was attributable to the suspension of relevant SFC licenses in the second half of 2019. The licenses were suspended due to shortage of fund and failure to meet the liquid capital requirement under the Hong Kong Securities and Futures (Financial Resources) Rules. Therefore, the Group intends to conduct the Rights Issue to raise funds for repayment of outstanding liabilities and development of its securities brokerage and assets management business as well as its advancing business.

The Board has considered other alternative means of fund raising, such as debt financing/ bank borrowings and placing of new Shares, before resolving to the Rights Issue. The Company has considered the pros and cons of different fund-raising options. In respect of debt financing, the Company has approached commercial banks, but it was unable to obtain any debt financing at terms acceptable to the Company as, save for the collaterals for the existing banking facilities, the Group does not have any other significant assets which is satisfactory to the banks and can serve as collaterals for further bank loans. Also, the Board does not consider debt financing to be desirable at this stage as the expected finance costs are high and additional borrowings will deteriorate the gearing position of the Group.

The Company has conducted placing of new Shares on 17 July 2020 and such placing was completed on 4 August 2020. The Company has utilised all the general mandate granted to the Directors by the Shareholders at the previous extraordinary general meeting of the Company to allot and issue new Shares and the Company cannot conduct further placing of new Shares unless the Shareholders approve the refreshment of general mandate limit at an extraordinary general meeting of the Company or the Company conduct further placing of new Shares by way of specific mandate.

In comparison, the Rights Issue is pre-emptive in nature, allowing Qualifying Shareholders to maintain their respective pro-rata shareholding through their participation in the Rights Issue. The Rights Issue allows the Qualifying Shareholders to (a) increase their respective interests in the shareholding of the Company by acquiring additional rights entitlement in the open market (subject to the availability); or (b) reduce their respective interests in the shareholding of the Company by disposing of their rights entitlements in the open market (subject to the market demand). As an open offer does not allow the trading of rights entitlements, rights issue is preferred. Accordingly, the Directors consider that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

The net proceeds from the Rights Issue after deducting the expenses are estimated to be approximately HK\$284 million (assuming no change in the number of Consolidated Shares in issue on or before the Record Date) and approximately HK\$285 million (assuming no change in the number of Consolidated Shares in issue on or before the Record Date other than the full exercise of outstanding exercisable Share Options and full conversion of the Other CB).

The Company intends to apply the net proceeds from the Rights Issue as to (i) approximately HK\$50 million for repayment of overdue external debts of the Group; (ii) approximately HK\$40 million for repayment of the shareholder's loan owing by the Company to Mr. Ng; (iii) approximately HK\$110 million for repayment of the overdue Convertible Bonds; (iv) approximately HK\$30 million as additional capital for the trading of party products business of the Group; (v) approximately HK\$15 million for additional liquid capital for the securities brokerage and assets management business of the Group, the licensed activities of which were suspended due to insufficient liquid capital under the SFO; (vi) approximately HK\$15 million as additional capital for the advancing business of the Group; and (vii) the remaining balance of approximately HK\$24 million (assuming no change in the number of Consolidated Shares in issue on or before the Record Date) or approximately HK\$25 million (assuming no change in the number of Consolidated Shares in issue on or before the Record Date other than the full exercise of outstanding exercisable Share Options and full conversion of the Other CB) for general working capital of the Group.

The table below sets out the details of the proposed use of proceeds as at the date of this announcement:

Use of proceeds	Estimated amount	Proposed timeline
1. Repayment of overdue external debts of the Group	HK\$50 million	Within 6 months after the Rights Issue
2. Repayment of the shareholder's loan owing by the Company to Mr. Ng	HK\$40 million	Within 6 months after the Rights Issue
3. Repayment of overdue Convertible Bonds (<i>Note</i>)	HK\$110 million	Within 12 months after the Rights Issue
4. Additional capital for trading of party products business of the Group	HK\$30 million	Within 6 months after the Rights Issue
5. Additional liquid capital for the securities brokerage and assets management business of the Group	HK\$15 million	Within 6 months after the Rights Issue

Use of proceeds	Estimated amount	Proposed timeline
6. Additional capital for the advancing business of the Group	HK\$15 million	Within 12 months after the Rights Issue
7. General working capital	HK\$24 million (assuming no change in the number of Consolidated Shares in issue on or before the Record Date) or HK\$25 million (assuming no change in the number of Consolidated Shares in issue on or before the Record Date other than the full exercise of outstanding exercisable Share Options and full conversion of the Other CB)	Within 36 months after the Rights Issue

Note: In the event that the holder of the Other CB exercises the conversion rights attached to the Other CB on or before the Record Date, the Company will apply the net proceeds of the Rights Issue in the amount of approximately HK\$107 million to repay the outstanding principal amount and interest amount of the Neo CB only and the remaining HK\$3 million will be applied by the Company as general working capital of the Group.

As at the date of this announcement, the Group has overdue external debts, which consist of professional fees including legal, auditing, valuation and registrar services and etc., rentals, telecommunication charges, trading system and connection expenses, stock exchange fees and interest, in the aggregate principal amount and interest amount of approximately HK\$50 million, all of which have already fall due. All the creditors of the above overdue external debts are not a shareholder of the Company as at the date of this announcement. The Company intends to apply approximately HK\$50 million from the Rights Issue for repayment of overdue external debts of the Group.

As at the date of this announcement, the Company is indebted to Mr. Ng by way of a shareholder's loan in the principal amount of HK\$38.50 million. The shareholder's loan bears an interest of 2.5% per annum and is repayable on demand by Mr. Ng. The Company intends to apply approximately HK\$40 million from the Rights Issue for repayment of the shareholder's loan.

As at the date of this announcement, the Company has outstanding Convertible Bonds in the principal amount of HK\$105 million (i.e. the Neo CB and the Other CB) and interest amount of approximately HK\$6,856,000, which have already fall due on 18 February 2020. There is default interest at the rate of 10% per annum under the terms of the Convertible Bonds. Neo Tech Inc., being the holder of the Neo CB, agreed to the Company that it would only charge the Company default interest at the rate of 2.5% per annum until the date of actual

repayment by the Company of the total outstanding amount under the Neo CB. The Company intends to apply approximately HK\$110 million for repayment of the overdue Convertible Bonds.

The trading of party products of the Group includes party accessories, decorations, cutlery and eatery wares from suppliers. The Group provides touch-ups to such products which include but not limited to adding festive elements to such products. The final products are sold to customers in Hong Kong and North America. Part of the net proceeds from the Rights Issue in the amount of approximately HK\$30 million will be applied for strengthening the liquid capitals and supporting the development of the trading of party products business of the Group.

AIF Asset Management is a wholly owned subsidiary of the Company and is a licensed corporation to carry on business in Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO and AIF Securities is a wholly owned subsidiary of the Company and is a licensed corporation to carry on business in Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 5 (advising on futures contracts) regulated activities under the SFO. The Directors consider that AIF Asset Management and AIF Securities, which carry out regulated activities under the SFC, will enhance and create long-term benefit for the Group and the Shareholders as a whole and part of the net proceeds from the Rights Issue in the amount of approximately HK\$15 million will be applied for strengthening the liquid capitals and supporting the development of the securities brokerage and assets management business of the Group. The Directors believe that the provision of securities brokerage and assets management services to its customers could improve the revenue of the Group. The Company will charge a brokerage commission by a certain percentage of trading amount, interest on the margin loans to the customers and management fee and performance bonus on the asset under management to generate stable revenue to the Group. Furthermore, the Company plans to enhance the Group's corporate value and recognition through its securities brokerage and assets management services which will result in strengthening of the Group's competitiveness in the brokerage industry. Further financial resources will be injected into AIF Asset Management and AIF Securities to maintain the minimum liquid capital requirement under the Hong Kong Securities and Futures (Financial Resources) Rules as well as for further business development of AIF Asset Management and AIF Securities including but not limited to promoting the business, attracting more customers and recruiting more staff to expand the business team. Currently, the securities brokerage and assets management business of AIF Asset Management and AIF Securities is managed by Mr. Chan Chi Ming, the executive director and chief executive officer of the Company who has more than 25 years' relevant experience in the industry and there are 11 staff members employed by the Group for the operation of the securities brokerage and assets management business of AIF Asset Management and AIF Securities. The Company intends to recruit approximately 25 new staff, including responsible officers and licensed representatives ranging from director grade to executive grade with securities and commodities trading, asset management, operations, settlement, clearing and accounting experience. Out of the \$15 million which will be applied as additional liquid capital for the securities brokerage and assets management business, the Company intends to apply HK\$5 million to increase seed money to establish new funds and for the expansion of our asset management team by recruiting new staff, including responsible officers as portfolio

managers and licensed representatives as analysts. The Board is of the view that, with additional capital resources, there will be increased capabilities to cater for the increasing demand for our securities brokerage and assets management business.

The Board considers that the advancing business of the Group requires intensive capital and part of the net proceeds from the Rights Issue in the amount of approximately HK\$15 million will be applied for financing the advancing business of the Group. The Board believes that the advancing business of the Group can bring in additional revenue for the Group and supplement its securities brokerage and assets management business. To further develop and enhance the advancing business of the Group, the Company will target individual personal loans or mortgage loans as well as corporate and institution borrowers with high credit rating and high-quality collateral to secure such loans. The Company has stringent risk policy to govern loan approvals as well as to assess the collaterals and credit risk. The Company also has internal control procedures to monitor the loan/interest rate repayment and the security from time to time to minimize its credit risk. Currently, the advancing business of the Company is managed by Mr. Tsang King Sun, the chief financial officer of the Company, who has more than 10 years' experience in accounting, financial management, credit and risk control and there are 5 staff members employed by the Group for the operation of the advancing business. The Company will also allocate more resources to recruit more staff for the operation of the advancing business. The Board considers that with additional injection of new funding to the advancing business, the Company will be able to attract new borrowers, build up customer base and have sufficient capital for potential loans.

Further details of the Rights Issue and detailed plan of the use of proceeds will be set out in the circular.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. In the event that the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders (excluding those Rights Shares to be provisionally allotted to Ng Concert Party Group for which subscription of Rights Shares will be subject to the Irrevocable Undertaking as set out in the paragraph headed "Irrevocable Undertaking" in this announcement) or holders of nil-paid rights together with the NQS Unsold Rights Shares will be placed to independent places under the Compensatory Arrangements. Any Unsubscribed Rights Shares or NQS Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There are no statutory requirements regarding minimum subscription levels in respect of the Rights Issue. There is no minimum amount to be raised under the Rights Issue. Announcement of results of the Rights Issue is scheduled to be made by the Company on Monday, 7 December 2020. If the Rights Issue is undersubscribed, the above use of proceeds will be adjusted by the Company accordingly and the net proceeds from the Rights Issue will be applied by the Company in the following order of priority:

- (a) for repayment of overdue external debts of the Group;
- (b) for repayment of the shareholder's loan owing by the Company to Mr. Ng;
- (c) for repayment of the overdue Convertible Bonds;

- (d) for additional capital for the trading of party products business of the Group;
- (e) for additional liquid capital for the securities brokerage and assets management business, the licensed activities of which were suspended due to insufficient liquid capital under the SFO;
- (f) as additional capital for the advancing business of the Group; and
- (g) for general working capital of the Group.

Further details of the use of proceeds which will be made by the Company in the announcement of results of the Rights Issue.

LISTING RULES IMPLICATIONS

In accordance with Rule 7.19(A) of the Listing Rules, as the Rights Issue will increase the issued share capital of the Company by more than 50%, the Rights Issue is subject to the approval of the minority Shareholders at the EGM by way of poll. Pursuant to Rule 7.27(A)(1) of the Listing Rules, where minority Shareholders' approval is required for a rights issue under Rule 7.19A of the Listing Rules, the rights issue must be made conditional on approval by shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer and their respective associates shall abstain from voting in favour. As the Company has no controlling shareholder, Mr. Ng, being an executive Director and his associates including Neo Tech Inc. shall abstain from voting in favour of the resolution relating to the Rights Issue at the EGM.

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

As at the date of this announcement, the Subscriber, Neo Tech Inc., is a substantial Shareholder (as defined under the Listing Rules) and therefore a connected person of the Company. Accordingly, the Subscription Agreement and the transactions contemplated thereunder constitute a connected transaction on the part of the Company under the Listing Rules and the Subscription Agreement and the transactions contemplated thereunder is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Ng, Neo Tech Inc. and their associates shall abstain from voting in favour of the resolution relating to the Subscription Agreement and the transactions contemplated thereunder at the EGM. In addition, as the Subscription Agreement and the transactions contemplated thereunder are the underlying transactions of the Whitewash Waiver, the resolution(s) proposed to be voted at the EGM in relation to the Subscription Agreement and the transactions contemplated thereunder shall be approved by more than 50% of the independent votes that are either in person or by proxy by the Independent Shareholders at the EGM.

WHITEWASH WAIVER

As at the date of this announcement, Ng Concert Party Group is interested in 265,980,000 Shares, representing approximately 19.8% of the total number of the existing issued Shares. As a result of the Irrevocable Undertaking and immediately after completion of the Rights Issue and the Subscription, assuming (i) there is no other change in the shareholding structure of the Company before the completion of the Rights Issue and the Subscription; and (ii) not all the Qualifying Shareholders (other than Ng Concert Party Group) have taken up the entitled Rights Shares and none of the Rights Shares are placed to independent places under the Compensatory Arrangements, the interests of Ng Concert Party Group in the voting rights of the Company may increase from approximately 19.8% to approximately 75%. Accordingly, Ng Concert Party Group would be obliged to make a mandatory general offer to the Shareholders for all the issued Shares and other securities of the Company not already owned or agreed to be acquired by Ng Concert Party Group pursuant to Rule 26.1 of the Takeovers Code as such increase will have the effect of increasing Ng Concert Party Group's holding of voting rights of the Company to 30% or more, unless the Whitewash Waiver is obtained from the Executive.

An application to the Executive for the Whitewash Waiver in respect of the Irrevocable Undertaking and the Subscription Agreement will be made by Ng Concert Party Group. The Rights Issue, the Placing, the Irrevocable Undertaking, the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval by the Independent Shareholders at the EGM by way of poll. Ng Concert Party Group and their respective associates and any other Shareholders who are involved in or interested in the Rights Issue, the Placing, the Irrevocable Undertaking, the Subscription Agreement and/or the Whitewash Waiver shall abstain from voting at the EGM in favour of the resolution(s) approving the Rights Issue, the Placing, the Irrevocable Undertaking, the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver. The resolution(s) proposed to be voted at the EGM in relation to the Rights Issue, the Placing, the Irrevocable Undertaking, the Subscription Agreement and the transactions contemplated thereunder shall be approved by more than 50% of the independent votes that are either in person or by proxy by the Independent Shareholders at the EGM. The resolution(s) proposed to be voted at the EGM in relation to the Whitewash Waiver shall be approved by at least 75% of the independent votes that are either in person or by proxy by the Independent Shareholders at the EGM. The Rights Issue will not proceed if the Whitewash Waiver is not granted by the Executive or the Rights Issue, the Placing, the Irrevocable Undertaking, the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver are not approved by the Independent Shareholders at the EGM.

If the Rights Issue, the Placing, the Irrevocable Undertaking and the Subscription and the Whitewash Waiver are approved by the Independent Shareholders at the EGM, Ng Concert Party Group's aggregate shareholding interests in the Company can end up in the range between approximately 19.72% to 75% of the total enlarged issued share capital of the Company immediately after completion of the Rights Issue and the Subscription.

As at the date of this announcement, the Company does not believe that the Rights Issue, the Placing, the Irrevocable Undertaking, the Whitewash Waiver and the Subscription Agreement give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the circular to be issued in relation to the Rights Issue, the Placing, the Irrevocable Undertaking, the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver. The Company notes that the Executive may not grant the Whitewash Waiver if the Irrevocable Undertaking and the Subscription Agreement do not comply with other applicable rules and regulations.

Shareholders and potential investors should note that the Whitewash Waiver is a possibility only and may not be granted by the Executive.

The Rights Issue, the Placing, the Irrevocable Undertaking, the Subscription Agreement and the transactions contemplated thereunder are subject to the satisfaction (or, if applicable, waiver) of a number of conditions as set out in this announcement and, accordingly, the Rights Issue, the Placing, the Irrevocable Undertaking and the Subscription Agreement may or may not proceed. The issue of this announcement does not in any way imply that the Rights Issue, the Placing, the Irrevocable Undertaking and the Subscription Agreement will be implemented or completed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional adviser.

INFORMATION REQUIRED UNDER THE TAKEOVERS CODE

Each of Mr. Ng and the parties acting in concert with him has confirmed that neither he nor any persons acting in concert with him:

- (a) has acquired or entered into any agreement or arrangement to acquire any voting rights in the Company within the six months prior to the date of this announcement;
- (b) owns any outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of Shares nor has entered into any outstanding derivative in respect of securities in the Company other than the Neo CB;
- (c) has any arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) with any other persons in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company and of Neo Tech Inc. and which might be material to the transactions contemplated under the Rights Issue, the Placing, the Irrevocable Undertaking and the Subscription Agreement and/or the Whitewash Waiver;
- (d) apart from the consideration for the Rights Shares, has any other consideration, compensation or benefit in whatever form paid or to be paid by Mr. Ng or any parties acting in concert with him to the Company or any party acting in concert with the Company in connection with the sale and purchase of the Rights Shares;

- (e) has any understanding, arrangement, agreement or special deal between Mr. Ng or any party acting in concert with him on the one hand and the Company and any party acting in concert with it on the other hand;
- (f) has any understanding, arrangement, agreement or special deal between (i) Mr. Ng and any persons acting in concert with him or the Company, its subsidiaries or associated companies; and (ii) any Shareholders;
- (g) has received any irrevocable commitment from any Independent Shareholders as to whether they will vote for or against the resolution approving the transactions contemplated under the Rights Issue, the Placing, the Irrevocable Undertaking and the Subscription Agreement and/or the Whitewash Waiver;
- (h) has any agreements or arrangements to which Mr. Ng or any persons acting in concert with him is a party which relate to the circumstances in which he or any persons acting in concert with him may or may not invoke or seek to invoke a pre-condition or a condition to the transactions contemplated under the Rights Issue, the Placing, the Irrevocable Undertaking and the Subscription Agreement or the Whitewash Waiver (including any such agreements or arrangements that would result in any break fees being payable); and
- (i) has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

GENERAL

The register of members of the Company will be closed from Tuesday, 20 October 2020 to Tuesday, 27 October 2020 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the EGM. The EGM will be held to consider and, if thought fit, pass the resolutions to approve, among other thing, the Share Consolidation, the Rights Issue, the Placing, the Irrevocable Undertaking, the Subscription Agreement and the Whitewash Waiver.

The Whitewash Independent Board Committee comprising the non-executive Director and all the independent non-executive Directors in compliance with Rule 2.8 of the Takeovers Code will be formed to advise the Independent Shareholders on the terms of the Rights Issue, the Placing, the Irrevocable Undertaking, the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver and as to voting and the Connected Transaction Independent Board Committee comprising all the independent non-executive Directors will be formed to advise the Independent Shareholders on the terms of the Subscription Agreement and the transactions contemplated thereunder. None of the members of the Connected Transaction Independent Board Committee nor the Whitewash Independent Board Committee has any interest or involvement in the Rights Issue, the Placing, the Irrevocable Undertaking, the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver. An independent financial adviser will be appointed with the approval of the Connected Transaction Independent Board Committee and the Whitewash Independent Board Committee to advise the Connected Transaction Independent Board Committee and the Whitewash Independent Board Committee and the

Independent Shareholders in respect of the Rights Issue, the Placing, the Irrevocable Undertaking, the Subscription Agreement and the transactions contemplated thereunder as well as the Whitewash Waiver and as to voting.

A circular containing, among others, further details of (i) the Share Consolidation; (ii) the Rights Issue; (iii) the Placing; (iv) the Irrevocable Undertaking; (v) the Subscription Agreement; (vi) the Whitewash Waiver; (vii) recommendation of the Connected Transaction Independent Board Committee and the Whitewash Independent Board Committee to the Independent Shareholders; (viii) the letter of advice from the independent financial adviser to the Connected Transaction Independent Board Committee and the Whitewash Independent Board Committee and the Independent Shareholders in relation to the Rights Issue, the Placing, the Irrevocable Undertaking, the Subscription Agreement and the transactions contemplated thereunder and the Whitewash Waiver; and (ix) a notice convening the EGM, is expected to be despatched by the Company within 21 days from the date of this announcement in compliance with Rule 8.2 of the Takeovers Code.

The Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders on Tuesday, 10 November 2020. The Prospectus (without the PAL) and a letter to the Non-Qualifying Shareholders (if any) explaining the circumstances in which they are not permitted to participate in the Rights Issue will be despatched to the Non-Qualifying Shareholders (if any) for their information only.

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

The Shares will be dealt on an ex-rights basis from Friday, 30 October 2020. Dealings in the nil-paid rights are expected to take place from Thursday, 12 November 2020 to Thursday, 19 November 2020 (both days inclusive). If the conditions of the Rights Issue (please refer to the paragraph headed “Conditions of the Rights Issue” in this announcement) are not fulfilled, the Rights Issue will not proceed.

Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or nil-paid rights is advised to exercise caution when dealing in the Shares and/or the nil-paid rights.

Any person 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 advisor(s). Any Shareholder or other person dealing in the Shares or in the nil-paid rights up to the time at which the Rights Issue becomes unconditional will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on Monday, 3 August 2020 pending the issue of this announcement. The Company initially proposed to raise more fund by way of rights issue on the basis of five (5) Rights Shares for every one (1) Consolidated Share but taking into account the decision of the Stock Exchange that Rule 14.06D of the Listing Rules is applicable, the Company adjusted the Rights Issue to on the basis of three (3) Rights Shares for every one (1) Consolidated Share held on the

Record Date as set out in this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on Monday, 14 September 2020.

DEFINITIONS

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

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“AIF Asset Management”	AIF Asset Management Limited, a wholly owned subsidiary of the Company and a licensed corporation to carry on business in Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO
“AIF Securities”	AIF Securities Limited, a wholly owned subsidiary of the Company and a licensed corporation to carry on business in Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 5 (advising on futures contracts) regulated activities under the SFO
“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday, Sunday and any day on which 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
“Company”	Amber Hill Financial Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on Main Board of the Stock Exchange
“Compensatory Arrangements”	the compensatory arrangements pursuant to Rule 7.21(1)(b) of the Listing Rules as described in the paragraph headed “Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the Compensatory Arrangements” in this announcement
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules

“Connected Transaction Independent Board Committee”	an independent committee of the Board to be established which comprises all the independent non-executive Directors to advise the Independent Shareholders on the fairness and reasonableness of terms of the Subscription Agreement, and to advise the Independent Shareholders how to vote at the EGM
“Consolidated Shares”	ordinary shares of the Company upon the Share Consolidation become effective
“Convertible Bonds”	collectively, Neo CB and Other CB
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider, among others, the Share Consolidation, the Rights Issue, the Placing, the Irrevocable Undertaking, the Subscription Agreement and the Whitewash Waiver
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Existing Shares”	ordinary shares of the Company prior to the Share Consolidation become effective
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	Shareholders other than Mr. Ng and the parties acting in concert with him and their respective associates and those who are involved in or interested in the Rights Issue, the Placing, the Irrevocable Undertaking, the Subscription Agreement and/or the Whitewash Waiver and those who are required to abstain from voting in the EGM to approve the Rights Issue, the Placing, the Irrevocable Undertaking, the Subscription Agreement and the Whitewash Waiver under the Listing Rules and the Takeovers Code
“Independent Third Party(ies)”	third party(ies) independent of and not connected (as defined under the Listing Rules) with the Company and connected person(s) of the Company and Ng Concert Party Group

“Irrevocable Undertaking”	the irrevocable undertaking by Ng Concert Party Group to the Company as set out in the paragraph headed “Irrevocable Undertaking” in this announcement
“Last Trading Day”	31 July 2020, being the last trading day of the Shares on the Stock Exchange before the release of this announcement
“Latest Acceptance Date”	24 November 2020, being the last day for acceptance and payment of the Rights Shares, or such other date as the Company may determine
“Latest Time for Acceptance”	4:00 p.m. on the Latest Acceptance Date
“Latest Time for Termination”	4:00 p.m. on the first Business Day after the latest time for the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent, being the latest time to terminate the Placing Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Ng”	Ng Yu, the chairman of the Board and an executive Director
“Neo CB”	the convertible bonds issued by the Company to Neo Tech Inc. in the principal amount of HK\$100 million with 5% interest per annum accruing from 18 February 2019 up to 18 February 2020 and with default interest at 2.5% per annum accruing from 18 February 2020 up to date of actual repayment and a conversion price of HK\$1.00 per conversion share, which have already fall due on 18 February 2020
“Net Gain”	the aggregate of any premiums (being the aggregate amount paid by the placees after deducting the aggregate amount of the Subscription Price for the Unsubscribed Rights Shares and NQS Unsold Rights Shares placed by the Placing Agent under the Placing Agreement) under the Compensatory Arrangements
“Ng Concert Party Group”	collectively, Mr. Ng and Neo Tech Inc., being a company wholly and beneficially owned by Mr. Ng
“No Action Shareholder(s)”	Qualifying Shareholder(s) who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or their renounees who hold any nil-paid rights at the time such nil-paid rights are lapsed, and/or the Non-Qualifying Shareholders

“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) in respect of whom the Directors, based on legal advice provided by legal advisers in the relevant jurisdictions, consider it 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
“NQS Unsold Rights Shares”	the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders (if any) in nil-paid form that have not been sold by the Company
“Other CB”	the convertible bonds issued by the Company in the principal amount of HK\$5 million, which have already fall due on 18 February 2020 with 5% interest per annum accruing from 18 February 2019 up to 18 February 2020 and with default interest at 10% per annum accruing from 18 February 2020 up to date of actual repayment and a conversion price of HK\$1.00 per conversion share and the holder of which is not a shareholder of the Company as at the date of this announcement
“Overseas Shareholder(s)”	Shareholder(s) whose names appear on the register of members of the Company as at the close of business on the Record Date and whose address(es) as shown on such register is/are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be used in connection with the Rights Issue in such form as the Company may approve
“Placing”	the offer by way of private placing of the Unsubscribed Rights Shares and NQS Unsold Rights Shares on a best effort basis 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 independent placee(s) during the Placing Period on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Nerico Brothers Limited, a licensed corporation to carry on business in Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 3 (leveraged foreign exchange trading) and Type 9 (asset management) regulated activities under the SFO

“Placing Agreement”	the placing agreement dated 11 September 2020 and entered into between the Company and the Placing Agent in relation to the placing of Unsubscribed Rights Shares and NQS Unsold Rights Shares
“Placing Period”	the period commencing from the second Business Day after the Latest time for acceptance and ending on 4:00 p.m. on the fourth Business day after the Latest time for acceptance
“PRC”	the People’s Republic of China, which 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”	the Prospectus and the PAL
“Prospectus Posting Date”	10 November 2020 or such other date as the Company may determine in writing for the despatch of the Prospectus Documents
“Qualifying Shareholders”	Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear on the register of members of the Company as at the close of business on the Record Date
“Record Date”	the date by reference to which entitlements under the Rights Issue are expected to be determined, which is currently scheduled to be on 9 November 2020 or such later date as announced by the Company
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, being Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Rights Issue”	the proposed issue of not less than 402,933,828 Rights Shares (assuming no change in the number of Consolidated Shares in issue on or before the Record Date) and not more than 404,733,828 Rights Shares (assuming no change in the number of Consolidated Shares in issue on or before the Record Date other than the full exercise of outstanding exercisable Share Options and conversion of the Other CB) at the Subscription Price by way of rights on the basis of three (3) Rights Shares for every one (1) Consolidated Share held on the Record Date payable in full on acceptance
“Rights Share(s)”	the new Consolidated Share(s) proposed to be allotted and issued by the Company pursuant to the Rights Issue

“SFC”	the Securities and Futures Commission of Hong Kong
“SFC Approval”	the approval from the SFC under section 132 of the SFO in relation to the potential change of substantial shareholder of AIF Securities and AIF Asset Management, as a result of the Subscription
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in issue and unissued share capital of the Company
“Share Consolidation”	proposed consolidation of the issued Shares on the basis of ten (10) Existing Shares into one (1) Consolidated Share
“Share Option(s)”	1,000,000 outstanding options to subscribe for 1,000,000 Existing Shares (equivalent to 100,000 Consolidated Shares upon completion of the Share Consolidation) granted under the Share Options Scheme
“Share Options Scheme”	the share option scheme adopted by the Company on 26 June 2017
“Shareholder(s)”	the holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Neo Tech Inc., a company incorporated in the British Virgin Islands with limited liability and wholly and beneficially owned by Mr. Ng
“Subscription”	the subscription of the Subscription Shares under the Subscription Agreement
“Subscription Agreement”	the subscription agreement entered into between the Company and the Subscriber on 31 July 2020 in relation to the subscription of the Subscription Shares
“Subscription Price”	HK\$0.71 per Rights Share
“Subscription Shares”	equivalent to the number of the Unsold Rights Shares and subject to the minimum 25% public float requirement under the Listing Rules such that immediately after completion of the Subscription, the shareholding interest of Ng Concert Party Group in the Company would be not more than 75% of the issued share capital of the Company
“Takeovers Code”	The Code on Takeovers and Mergers of Hong Kong

“Unsold Rights Shares”	the Unsubscribed Rights Shares and NQS Unsold Rights Shares which have not been placed to places by the Placing Agent under the Placing Agreement
“Unsubscribed Rights Shares”	the Rights Shares that are not subscribed by the Qualifying Shareholders or holders of nil-paid rights, excluding those Rights Shares to be provisionally allotted to Ng Concert Party Group for which subscription of Rights Shares will be subject to the Irrevocable Undertaking as set out in the paragraph headed “Irrevocable Undertaking” in this announcement
“Whitewash Independent Board Committee”	an independent committee of the Board to be established which comprises all the non-executive Directors in compliance with Rule 2.8 of the Takeovers Code, who has no direct or indirect interest in the Rights Issue, the Placing, the Irrevocable Undertaking, the Subscription Agreement or the Whitewash Waiver to advise the Independent Shareholders on the fairness and reasonableness of terms of the Rights Issue, the Placing, the Irrevocable Undertaking, the Subscription Agreement and the Whitewash Waiver, and to advise the Independent Shareholders how to vote at the EGM
“Whitewash Waiver”	a waiver from the obligation of Ng Concert Party Group to make a mandatory general offer to the Shareholders in respect of the Shares and securities issued by the Company not already owned or agreed to be acquired by him and the parties acting in concert with him as a result of the Irrevocable Undertaking and the subscription of the Subscription Shares in accordance with Note 1 on dispensations from Rule 26 of the Takeovers Code
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent.

On behalf of the Board
Amber Hill Financial Holdings Limited
Ng Yu
Chairman and Executive Director

Hong Kong, 11 September 2020

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Ng Yu, Mr. Wei Weicheng, Mr. Lin Feng and Mr. Chan Chi Ming; one non-executive Director Mr. Huang Shao Long; and three independent non-executive Directors, namely Mr. Anthony Espina, Mr. Wang Jun Sheng and Mr. Lo Hang Fong.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.