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**NATIONAL UNITED RESOURCES HOLDINGS LIMITED**  
**國家聯合資源控股有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 254)**

- (1) PROPOSED CAPITAL REORGANISATION;  
(2) PROPOSED CONNECTED SUBSCRIPTION OF SHARES  
UNDER SPECIFIC MANDATE;  
(3) PROPOSED OPEN OFFER;  
(4) PROPOSED DEBT RESTRUCTURING AND  
CONNECTED SHARE ISSUANCE; AND  
(5) APPLICATION FOR WHITEWASH WAIVER**

**Financial Advisers**



禹銘投資管理有限公司  
YU MING INVESTMENT MANAGEMENT LIMITED



英皇融資有限公司  
Emperor Capital Limited

**Placing Agent and Underwriter to the Open Offer**



英皇證券(香港)有限公司  
Emperor Securities Limited

Trading in the Shares on the Stock Exchange has been suspended since 1 August 2016.

On 19 June 2019 and 30 July 2019, the Company submitted the Resumption Proposal to the Stock Exchange. The Resumption Proposal includes (i) the Subscription; (ii) the Open Offer; (iii) the Debt Restructuring; and (iv) the application for Whitewash Waiver.

The Listing Department of the Stock Exchange was not satisfied with the Resumption Proposal and recommended the Listing Committee to cancel the listing of the Company. The Listing Committee endorsed the Listing Department's recommendation.

The Company requested the Listing Review Committee to review the Listing Committee's decision.

Having considered further information submitted by the Company, the Listing Review Committee overturned the Listing Committee's decision on 16 September 2020.

## **THE RESTRUCTURING**

### **Capital Reorganisation**

As at the date of this announcement, the issued share capital of the Company is HK\$3,178,754,000 divided into 6,411,770,500 Shares. In order to facilitate the issue of the Subscription Shares, the Offer Shares and the Creditors Shares under the Subscription, the Open Offer and the Debt Restructuring, respectively and enable the Company to comply with the trading requirements under the Listing Rules, the Company proposes to implement (i) the Share Consolidation on the basis of every ten (10) issued existing Shares be consolidated into one (1) Consolidated Share; and (ii) increase the board lot size from trading in board lots of 10,000 Shares each to trading in board lots of 20,000 Consolidated Shares each upon Resumption.

### **Subscription**

On 30 July 2019, the Company entered into the Subscription Agreement (as supplemented by a supplemental agreement dated 29 September 2020) with Mr. Ji and Mr. Guo. On 24 February 2021 and 24 June 2021, the Company, Mr. Ji, the First Subscriber, Mr. Guo and the Second Subscriber entered into the Revised Subscription Agreement to amend and restate the Subscription Agreement. Under the Revised Subscription Agreement, the Company conditionally agreed to allot and issue, and the First Subscriber and the Second Subscriber conditionally agreed to subscribe for, 972,500,000 Subscription Shares and 615,500,000 Subscription Shares respectively, representing an aggregate of (i) approximately 247.7% of the total number of Consolidated Shares in issue as adjusted for the effect of the Share Consolidation; (ii) approximately 71.2% of the enlarged total number of Consolidated Shares in issue as adjusted for the effect of the Share Consolidation and the issue of the Subscription Shares; and (iii) approximately 51.6% of the enlarged total number of Consolidated Shares in issue as adjusted for the effect of the Share Consolidation and the issue of the Subscription Shares, the Offer Shares and the Creditors Shares.

The Subscription Price is HK\$0.11 per Subscription Share. Total fund raised for the Subscription is approximately HK\$174.7 million in cash.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscribers after taking into account (i) the financial status of the Company; (ii) the capital requirement for settlement of outstanding liabilities, general working capital and business expansion; and (iii) the prolonged suspension of trading of Shares since 1 August 2016.

Completion of the Subscription is subject to the fulfillment of the conditions set out under the sub-section headed "Conditions precedent to the Subscription".

### **Open Offer**

As part of the fund raising plan under the Resumption Proposal, the Company proposes to carry out the Open Offer on the basis of one (1) Offer Share for every one (1) then existing Consolidated Share held by Qualifying Shareholders on the Record Date.

Assuming that there are no Shares or Consolidated Shares (as the case may be) to be issued or repurchased by the Company from the date of this announcement and up to the Record Date, 641,177,050 Offer Shares will be allotted and issued, representing (i) 100% of the total number of Consolidated Shares in issue as adjusted for the effect of the Share Consolidation; and (ii) approximately 20.8% of the enlarged total number of Consolidated Shares in issue as adjusted for the effect of the Share Consolidation and the issue of the Subscription Shares, the Offer Shares and the Creditors Shares.

The Offer Price of HK\$0.11 per Offer Share is equal to the Subscription Price of HK\$0.11 per Subscription Share. Total fund raised from the Open Offer (before expenses) is expected to be approximately HK\$70.5 million in cash.

The Open Offer will be underwritten by the Underwriter on a fully underwritten basis pursuant to the terms of the Underwriting Agreement. The Offer Shares not taken up by the Qualifying Shareholders will first be placed out by the Placing Agent under the Unsubscribed Shares Arrangement, and any Untaken Shares will then be taken up by the Underwriter, sub-underwriter(s) or subscriber(s) procured by them. None of the Underwriter and its concert parties is acting in concert with the Subscribers, their respective ultimate beneficial owner or any of the parties acting in concert with any of them. As at the date of this announcement, the Underwriter is not interested in any Shares.

## **Debt Restructuring**

As at the date of this announcement, the estimated total debt of the Company in the Debt Restructuring amounted to approximately HK\$545.7 million.

Pursuant to the Debt Restructuring and after haircut from the Creditors, the total debt of HK\$498.8 million in the Debt Restructuring will be settled by way of HK\$182.9 million in cash and HK\$315.9 million in Creditors Shares. It is proposed that the initial amount of approximately HK\$160.0 million required for the Debt Restructuring will be funded out of the proceeds from the Subscription and the Open Offer.

It is expected that an aggregate of 207,274,309 Creditors Shares will be issued upon completion of the Debt Restructuring, representing (i) 32.3% of the total number of Consolidated Shares in issue as adjusted for the effect of the Share Consolidation; and (ii) approximately 6.7% of the enlarged total number of Consolidated Shares in issue as adjusted for the effect of the Share Consolidation and the issue of the Subscription Shares, the Offer Shares and the Creditors Shares.

## **IMPLICATIONS UNDER THE LISTING RULES**

For the Subscription, as the First Subscriber is a company wholly-owned by Mr. Ji and the Second Subscriber is a company wholly-owned by Mr. Guo, each being an executive Director and therefore each a connected person of the Company under the Listing Rules, the Revised Subscription Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the announcement, reporting and Independent Shareholders' approval requirements.

For the Open Offer, as the Offer Shares will be issued pursuant to the specific mandate of the Company, in accordance with Rule 7.24A(1) of the Listing Rules, the Open Offer must be made conditional on approval by the Independent Shareholders at the GM and, pursuant to Rule 7.27A(1) of the Listing Rules, any controlling Shareholders and their associates, or where there is no controlling Shareholder, the Directors (other than the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favor of the resolution(s) relating to the Open Offer.

For the Debt Restructuring, as the Company proposes to allot and issue 36,582,410 Creditors Shares to Blissful Elite Limited in relation to the indebtedness due to Blissful Elite Limited, a company wholly-owned by Mr. Jason Shi who is the son of Mr. Ji, such allotment and issuance of the Creditors Shares constitutes a connected transaction under Chapter 14A of the Listing Rules and is subject to the announcement, reporting and Independent Shareholders' approval requirements.

## **IMPLICATIONS UNDER THE TAKEOVERS CODE**

### **Whitewash Waiver**

As at the date of this announcement, the Subscribers and parties acting in concert with any of them are not interested in any Shares and none of the Creditors are interested in any Shares. Upon completion of the Subscription, the Subscribers will be interested in 1,588,000,000 Consolidated Shares, representing approximately (i) 71.2% of the enlarged total number of Consolidated Shares in issue as adjusted for the effect of the Share Consolidation and the issue of the Subscription Shares; and (ii) approximately 51.6% of the enlarged total number of Consolidated Shares in issue as adjusted for the effect of the Share Consolidation and the issue of the Subscription Shares, the Offer Shares and the Creditors Shares.

As one of the Creditors, Blissful Elite Limited, is wholly-owned by Mr. Jason Shi who is the son of Mr. Ji and will be interested in 36,582,410 Creditors Shares upon completion of the Debt Restructuring, immediately after Completion, the Subscribers and their concert parties will be interested in an aggregate of 1,624,582,410 Consolidated Shares, representing approximately 52.8% of the enlarged total number of Consolidated Shares in issue as adjusted for the effect of the Share Consolidation and the issue of the Subscription Shares, the Offer Shares and the Creditors Shares. Therefore, the Subscription will trigger an obligation for the Subscribers to make a mandatory general offer under Rule 26.1 of the Takeovers Code for all issued Consolidated Shares (not already owned or agreed to be acquired by the Subscribers and parties acting in concert (as defined in the Takeovers Code) with any of them), upon completion of the Subscription, unless a waiver is granted by the Executive.

The Subscribers will make an application to the Executive for the granting of the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, approval of (i) the Share Consolidation, the Subscription, the Open Offer and the Debt Restructuring by way of ordinary resolutions; and (ii) the Whitewash Waiver by way of special resolution, by the Independent Shareholders at the GM by way of poll. The Executive may or may not grant the Whitewash Waiver. If the Whitewash Waiver is not granted, the Revised Subscription Agreement will lapse and consequentially the Subscription, the Open Offer and the Debt Restructuring will not proceed.

As at the date of this announcement, the Company is not aware that the Subscription gives 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 related to the Independent Shareholder's approval of the Subscription and the Whitewash Waiver. The Company notes that the Executive may not grant the Whitewash Waiver if the Subscription does not comply with other applicable rules and regulations.

## **GENERAL**

### **The GM**

The GM will be convened for the purpose of considering and, if thought fit, passing the resolutions to approve the Share Consolidation, the Subscription, the Open Offer, the Debt Restructuring and the Whitewash Waiver. The resolutions in relation to the Share Consolidation, the Subscription, the Open Offer, the Debt Restructuring and the Whitewash Waiver at the GM will be voted on by the Independent Shareholders by way of poll.

### **The Circular**

The Company will despatch the Circular in accordance with requirements under the Listing Rules and the Takeovers Code, which will contain, among other things, further details of the Capital Reorganisation, the Subscription, the Open Offer, the Debt Restructuring and the Whitewash Waiver.

Under Rule 14A.68(11) of the Listing Rules, the Company is required to despatch the Circular in relation to the connected transactions within 15 Business Days after the publication of this announcement. Under Rule 8.2 of the Takeovers Code, the Company is required to despatch to Shareholders the Circular in respect of, among other things, the terms of the Subscription and the Whitewash Waiver, within 21 days from the date of publication of this announcement, that is, on or before 15 July 2021.

As the Circular is subject to clearance by the Stock Exchange, it is expected that more time may be needed. The Company will apply to the Executive pursuant to Rule 8.2 of the Takeovers Code for its consent to extend the time limit for the despatch of the Circular and the Company will make further announcement on the expected date of despatch of the Circular.

### **Formation of the Independent Board Committees and appointment of independent financial adviser**

The Independent Board Committee A comprising all independent non-executive Directors will be formed to advise the Independent Shareholders in relation to the Share Consolidation, the Subscription, the Open Offer and the Debt Restructuring (in respect of the connected share issuance to Blissful Elite Limited).

The Independent Board Committee B comprising all non-executive Director and independent non-executive Directors will be formed to advise the Independent Shareholders in relation to the Share Consolidation, the Subscription, the Open Offer, the Debt Restructuring and the Whitewash Waiver.

An independent financial adviser will be appointed with the approval of the Independent Board Committees to advise the Independent Board Committees and the Independent Shareholders in respect of the terms of the Share Consolidation, the Subscription, the Open Offer, the Debt Restructuring and the Whitewash Waiver. An announcement will be made upon its appointment.

### **CONTINUED SUSPENSION OF TRADING OF THE SHARES**

Trading in the Shares on the Stock Exchange, which was suspended with effect from 9:00 a.m. on 1 August 2016, remains suspended and will continue to be so until further notice.

**The publication of this announcement does not indicate any decision or conclusion from the Stock Exchange and the SFC on the resumption of trading in Shares. Shareholders and potential investors should note that the Capital Reorganisation, the Subscription, the Open Offer, the Debt Restructuring and the Whitewash Waiver are subject to various conditions which may or may not be fulfilled, and therefore may or may not materialise or proceed. The Company will keep the public informed of the latest development by making further announcements as and when appropriate.**



References are made to the announcements of the Company dated 19 June 2019, 31 July 2019, 18 September 2019, 5 November 2019, 25 November 2019, 31 January 2020, 19 February 2020, 27 February 2020, 2 March 2020, 31 March 2020, 2 April 2020, 29 April 2020, 13 July 2020, 31 July 2020, 17 September 2020, 30 October 2020, 29 January 2021 and 30 April 2021.

Trading in the Shares on the Stock Exchange has been suspended since 1 August 2016.

On 19 June 2019 and 30 July 2019, the Company submitted the Resumption Proposal to the Stock Exchange. Key terms of the Resumption Proposal include the following elements:

- (a) Subscription – subscription of new Consolidated Shares by Mr. Ji and Mr. Guo, both being executive Directors, to provide new equity capital to the Company;
- (b) Open Offer – to provide existing Shareholders pre-emptive right to subscribe new Consolidated Shares at the same price of the Subscription Share should they so wish to provide new equity capital to the Company; and
- (c) Debt Restructuring – debt restructuring plan agreed with the Creditors to significantly reduce liabilities of the Company.

On 26 August 2019, the Listing Department of the Stock Exchange informed the Company that it would recommend the Listing Committee to cancel the listing of the Company under Rule 6.01A(2)(b)(ii) of the Listing Rules. On 3 September 2019, the Company received a letter from the Stock Exchange informing the Company that the Listing Committee decided to cancel the Company's listing under Rule 6.01A(2) of the Listing Rules.

The Company made a review request against the Listing Committee's decision on 16 September 2019 and the hearing of the Listing Review Committee was held on 15 January 2020. Further to the hearing, the Listing Review Committee requested the Company to provide further information and invited the Company for a further hearing. The further hearing was held on 9 September 2020.

Having considered further information submitted by the Company, the Listing Review Committee overturned the Listing Committee's decision on 16 September 2020.



## **THE RESTRUCTURING**

### **Capital Reorganisation**

As at the date of this announcement, the issued share capital of the Company is HK\$3,178,754,000 divided into 6,411,770,500 Shares. In order to facilitate the issue of the Subscription Shares, the Offer Shares and the Creditors Shares under the Subscription, the Open Offer and the Debt Restructuring, respectively and enable the Company to comply with the trading requirements under the Listing Rules, the Company proposes to implement the Share Consolidation and the Change in Board Lot Size.

### **Share Consolidation**

The Company proposes to implement the Share Consolidation on the basis of every ten (10) issued existing Shares be consolidated into one (1) Consolidated Share. As a result, 6,411,770,500 Shares will be consolidated into 641,177,050 Consolidated Shares.

### **Conditions precedent to the Share Consolidation**

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

- (i) the passing of an ordinary resolution to approve the Share Consolidation by the Independent Shareholders at the GM;
- (ii) the Listing Committee granting the listing of, and permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective; and
- (iii) the compliance with the relevant procedures and requirements under the applicable laws and the Listing Rules to effect the Share Consolidation.

## **Application for listing of the Consolidated Shares**

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

Subject to the granting of the approval of listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, as well as compliance with the stock admission requirements of HKSCC, upon the Share Consolidation being effective, 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, under contingent situation, 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. The Consolidated Shares will be identical in all respects and rank pari passu in all respects with each other as to all future dividends and distributions which are declared, made or paid. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no such listing or permission to deal is being or is proposed to be sought.

## **Fractional Entitlement to Consolidated Shares**

Fractional Consolidated Shares, if any, will be disregarded and will not be issued to Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, 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 regardless of the number of share certificates held by such holder.

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

## **Proposed Change in Board Lot Size**

The existing Shares are currently traded in board lots of 10,000 Shares each. Upon the Change in Board Lot Size becoming effective, the Consolidated Shares will be traded in board lots of 20,000 Consolidated Shares each.

The Company will appoint an agent to arrange matching services to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Capital Reorganisation. Please refer to the sub-section headed “Odd lots arrangements and matching services” under the “OPEN OFFER” section below.

## **Reason for the Capital Reorganisation**

The Board considers that the Capital Reorganisation is pivotal to the issue of the Subscription Shares, the Offer Shares and the Creditors Shares and will enable the Company to comply with the trading requirements under the Listing Rules.

Other than the relevant expenses to be incurred, the Capital Reorganisation will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares (if any) to which the Shareholders would otherwise be entitled to. Accordingly, the Board (excluding members of the Independent Board Committees who will form their opinion in relation to the Share Consolidation after reviewing the letter from the independent financial adviser) is of the view that the implementation of the Capital Reorganisation is in the best interests of the Company and the Shareholders as a whole.

## **SUBSCRIPTION**

On 30 July 2019, the Company entered into the Subscription Agreement (as supplemented by a supplemental agreement dated 29 September 2020) with Mr. Ji and Mr. Guo. On 24 February 2021 and 24 June 2021, the Company, Mr. Ji, the First Subscriber, Mr. Guo and the Second Subscriber entered into the Revised Subscription Agreement to amend and restate the Subscription Agreement.

Summary of principal terms of the Revised Subscription Agreement are as follows:

Date:	30 July 2019 (as supplemented by a supplemental agreement dated 29 September 2020 and as amended and restated by the Revised Subscription Agreement on 24 February 2021 and 24 June 2021)
Parties:	(1) the Company (as issuer); (2) the First Subscriber; (3) the Second Subscriber; (4) Mr. Ji; and (5) Mr. Guo
Number of Subscription Shares:	(1) the First Subscriber will subscribe for 972,500,000 Subscription Shares; and (2) the Second Subscriber will subscribe for 615,500,000 Subscription Shares
Subscription Price:	HK\$0.11 per Subscription Share
Gross consideration:	HK\$174,680,000

### **Subscription Shares**

Assuming no Shares or Consolidated Shares (as the case may be) are to be issued or repurchased by the Company from the date of this announcement to the date of Completion, the Subscription Shares to be allotted and issued represent:

- (i) approximately 247.7% of the total number of Consolidated Shares in issue as adjusted for the effect of the Share Consolidation;
- (ii) approximately 71.2% of the enlarged total number of Consolidated Shares in issue as adjusted for the effect of the Share Consolidation and the issue of the Subscription Shares; and
- (iii) approximately 51.6% of the enlarged total number of Consolidated Shares in issue as adjusted for the effect of the Share Consolidation and the issue of the Subscription Shares, the Offer Shares and the Creditors Shares.

## Subscription Price

The Subscription Price of HK\$0.11 per Subscription Share represents:

- (i) a discount of approximately 92.3% to the theoretical closing price of HK\$1.42 per Consolidated Share as adjusted for the effect of the Share Consolidation based on the closing price of HK\$0.142 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 92.8% to the average theoretical closing price of HK\$1.52 per Consolidated Share as adjusted for the effect of the Share Consolidation based on the average closing price of HK\$0.152 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 92.9% to the average theoretical closing price of HK\$1.55 per Consolidated Share as adjusted for the effect of the Share Consolidation based on the closing price of HK\$0.155 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day; and
- (iv) a premium of approximately HK\$0.93 to the Group's audited net liabilities value per Consolidated Share as at 31 December 2020 of approximately HK\$0.82 and a premium of approximately HK\$0.99 to the Group's audited net liabilities value per Consolidated Share as at 31 December 2019 of approximately HK\$0.88.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscribers after taking into account (i) financial difficulties faced by the Group, including net loss of approximately HK\$1,442.4 million, HK\$137.2 million, HK\$15.3 million for the years ended 31 December 2016, 2017 and 2018 respectively, and net current liabilities and net liabilities of approximately HK\$682.3 million and HK\$599.4 million respectively as at 31 December 2018; (ii) capital requirement for settlement of outstanding liabilities, general working capital and business expansion, including purchase of new vehicles and set up of charging stations; and (iii) the prolonged suspension of trading of the Shares since 1 August 2016.

## **Status of the Subscription Shares**

The Subscription Shares, when issued and fully-paid, will rank pari passu in all respects among themselves and with the Consolidated Shares in issue as at the date of completion of the Subscription, free from all encumbrances together with all rights attaching thereto upon allotment and issue and at any time thereafter, including all rights to any dividend or other distribution declared, made or payable.

The Subscription Shares will be allotted and issued under a specific mandate to be obtained upon approval by the Independent Shareholders at the GM.

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

## **Conditions precedent to the Subscription**

Completion of the Subscription is conditional upon the fulfilment of the following conditions:

- (i) all necessary approvals, waivers relevant for the Subscription required under the articles of association of the Company, applicable laws (including the Takeovers Code, the Listing Rules, the SFO and otherwise) having been obtained, including:
  - (a) the passing by the Shareholders or the Independent Shareholders (as appropriate) at the GM of all resolutions required under relevant laws and regulations, including the Listing Rules and the Takeovers Code, in respect of, among other things: (i) the Share Consolidation; (ii) the Subscription and the specific mandate; (iii) the Open Offer; (iv) the Debt Restructuring, including the issue of Creditors Shares under specific mandate; and (v) the Whitewash Waiver;
  - (b) the granting of the approval for the listing of, and permission to deal in, the Subscription Shares by the Listing Committee (and such approval or permission not having been revoked or withdrawn);
  - (c) the Executive having granted the Whitewash Waiver to the Subscribers and the satisfaction of any condition attached to the Whitewash Waiver and the Whitewash Waiver not having been revoked or withdrawn;

- (ii) where applicable, all necessary approvals, permissions, consents, waivers (including Shareholders or Independent Shareholders, regulators and creditors of the Company) required under the articles of association of the Company, applicable laws (including the Takeovers Code, the Listing Rules, the SFO and otherwise) having been obtained in respect of transaction(s) or matter(s) in connection with or relating to or otherwise for the purpose of the Resumption (including without limitation, any open offer, subscription and debt restructuring of the Company);
- (iii) the obtaining of the approval-in-principle of the Resumption from the SFC and the Stock Exchange;
- (iv) the entering into of the Underwriting Agreement and all conditions precedent set out therein having been fulfilled;
- (v) all necessary consents and approvals (if applicable) required to complete the Subscription by the Subscribers (save for those consents and approvals required from the government and regulators) under applicable laws having been obtained and remained valid and subsisting; and
- (vi) all necessary government, regulatory consents and approvals required to complete the Subscription by the Subscribers having been obtained and remained valid and subsisting.

None of the conditions set out above can be waived by any parties to the Revised Subscription Agreement. As at the date of this announcement, save for the approvals and filings required by the Stock Exchange and the SFC in relation to certain announcements and circulars, the Company is not aware of any material approvals, permissions, consents, waivers (including those from the Shareholders or Independent Shareholders, regulators, governments and creditors of the Company) that are required in relation to the Revised Subscription Agreement and/or the transactions contemplated thereunder which must be obtained by the Company on or before completion of the Subscription.



In the event that any of the conditions is not being fulfilled prior to 31 December 2021 (or such other date as the parties may agree in writing), then none of the parties to the Revised Subscription Agreement shall be bound to proceed with the Subscription contemplated under the Revised Subscription Agreement and (without prejudice to the rights and/or obligations of any party in respect of any antecedent breach), the parties to the Revised Subscription Agreement shall be released and discharged from their respective obligations under the Revised Subscription Agreement and the Subscription will not proceed.

As at the date of this announcement, none of the above conditions has been fulfilled. If the Whitewash Waiver is not granted by the Executive or approved by the Independent Shareholders at the GM, the Subscription, the Open Offer and the Debt Restructuring will not proceed.

### **Completion of the Subscription**

Completion of the Subscription will take place within 10 Business Days on which all the conditions above have been fulfilled as the Company and the Subscribers may mutually agree, failing agreement, the tenth Business Day thereof.

### **OPEN OFFER**

As part of the fund raising plan under the Resumption Proposal, the Company proposes to carry out the Open Offer on the basis of one (1) Offer Share for every one (1) then existing Consolidated Share held by Qualifying Shareholders on the Record Date.

The Open Offer will be underwritten by the Underwriter on a fully underwritten basis pursuant to the terms of the Underwriting Agreement. The Offer Shares not taken up by the Qualifying Shareholders will first be placed out by the Placing Agent under the Unsubscribed Shares Arrangement, and any Untaken Shares will then be taken up by the Underwriter, sub-underwriter(s) or subscriber(s) procured by them.

Set out below are the principal terms of the Open Offer (assuming that no Shares or Consolidated Shares to be issued or repurchased by the Company from the date of this announcement and up to the Record Date):

## Information on the Open Offer

Basis of the Open Offer:	One (1) Offer Share for every one (1) then existing Consolidated Share held by Qualifying Shareholders on the Record Date
Offer Price:	HK\$0.11 per Offer Share
Number of Consolidated Shares expected to be in issue as at the Record Date:	641,177,050 Consolidated Shares
Number of Offer Shares:	641,177,050 Consolidated Shares
Fund to be raised before expenses:	HK\$70,529,475
Underwriter:	Emperor Securities Limited

## The Offer Shares

As at the date of this announcement, the Company has no outstanding share options, warrants, convertible bonds or other securities in issue which are convertible into or give rights to subscribe for, convert or exchange into, any Shares.

Assuming that there is no Shares or Consolidated Shares (as the case may be) to be issued or repurchased by the Company from the date of this announcement and up to the Record Date, 641,177,050 Offer Shares to be allotted and issued represents:

- (i) 100.0% of the total number of Consolidated Shares in issue as adjusted for the effect of the Share Consolidation; and
- (ii) approximately 20.8% of the enlarged total number of Consolidated Shares in issue as adjusted for the effect of the Share Consolidation and by the issue of the Subscription Shares, the Offer Shares and the Creditors Shares.

As the Record Date will fall on a date prior to completion of the Subscription and the Debt Restructuring, none of the Subscribers and Creditors will be Qualifying Shareholders in respect of their respective interest in the Subscription Shares and the Creditors Shares respectively.

### **The Offer Price**

The Offer Price of HK\$0.11 per Offer Share represents:

- (i) a discount of approximately 92.3% to the theoretical closing price of HK\$1.42 per Consolidated Share as adjusted for the effect of the Share Consolidation based on the closing price of HK\$0.142 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 92.8% to the average theoretical closing price of HK\$1.52 per Consolidated Share as adjusted for the effect of the Share Consolidation based on the average closing price of HK\$0.152 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 92.9% to the average theoretical closing price of HK\$1.55 per Consolidated Share as adjusted for the effect of the Share Consolidation based on the closing price of HK\$0.155 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day; and
- (iv) a premium of approximately HK\$0.93 to the Group's audited net liabilities value per Consolidated Share as at 31 December 2020 of approximately HK\$0.82 and a premium of approximately HK\$0.99 to the Group's audited net liabilities value per Consolidated Share as at 31 December 2019 of approximately HK\$0.88.

The Offer Price of HK\$0.11 per Offer Share is equal to the Subscription Price of HK\$0.11 per Subscription Share. The basis of the determination of the Subscription Price is set out in the sub-section headed "Subscription Price" under the "SUBSCRIPTION" section above.

## **Status of the Offer Shares**

The Offer Shares, when issued and fully-paid, will rank pari passu in all respects among themselves and with the Consolidated Shares in issue as at the date of allotment of the Offer Shares, free from all encumbrances together with all rights attaching thereto upon allotment and issue and at any time thereafter, including all rights to any dividend or other distribution declared, made or payable.

The Offer Shares will be allotted and issued under a specific mandate to be obtained upon approval by the Independent Shareholders at the GM.

## **The Qualifying Shareholders**

The Open Offer will only be available to the Qualifying Shareholders. To qualify for the Open Offer, a Shareholder must be registered as a member of the Company on the Record Date and not be an Excluded Shareholder.

In order to be registered as a member of the Company on the Record Date, all transfer of Consolidated Shares must be lodged (together with the relevant share certificate(s)) with the Company's share registrar and transfer office in Hong Kong, Tricor Abacus Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than the Latest Lodging Time.

## **Excluded Shareholders**

The Prospectus Documents to be issued in connection with the Open Offer will not be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. The Company will make enquiries as to whether the extension of the Open Offer to the Overseas Shareholders may contravene the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory body or stock exchange and details and results of such enquiries will be included in the Prospectus. If, after making such enquiry, the Board is of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any requirement of the relevant regulatory body or stock exchange in that place, not to offer the Offer Shares to such Overseas Shareholders, the Open Offer will not be extended to such Overseas Shareholders. The Company will send the Prospectus to the Excluded Shareholders for their information only, but will not send the Application Form to the Excluded Shareholders.

## **No excess application for the Offer Shares**

Considering that the Open Offer will give the Qualifying Shareholders an equal and fair opportunity to maintain their respective pro rata shareholding interests in the Company, the Company decided that no excess Offer Shares will be offered to the Qualifying Shareholders since the Company will be required to put in additional effort and costs to administer the excess application procedures.

Instead, pursuant to Rule 7.26A(1) of the Listing Rules, the Company must make arrangement to dispose of the Unsubscribed Shares for the benefit of the No Action Shareholders. In compliance with the Listing Rules, the Company has entered into the Placing Agreement with the Placing Agent for the Unsubscribed Shares Arrangement. Please refer to the sub-section headed “Procedures in respect of the Unsubscribed Shares and the Unsubscribed Shares Arrangement” below for further details.

The Untaken Shares will be fully underwritten by the Underwriter and sub-underwriter(s) to be procured by the Underwriter.

## **Fractional entitlements**

On the basis of allotment of one (1) Offer Share for every one (1) then existing Consolidated Share held on the Record Date, no fractional entitlements to the Offer Shares will arise under the Open Offer.

## **Procedures in respect of the Unsubscribed Shares and the Unsubscribed Shares Arrangement**

In order to comply with Rule 7.26A(1) of the Listing Rules, the Company has entered into the Placing Agreement with the Placing Agent for the Unsubscribed Shares Arrangement.

Upon and subject to the terms and conditions set out in the Placing Agreement, the Placing Agent agrees, as agent of the Company, during the Placing Period to procure, on a best effort basis, Placing Placees to subscribe for the Unsubscribed Shares at the Placing Price. The Placing Agent may carry out the Placing itself and/or, at its own expenses, through such other agents as the Placing Agent may agree with the Company. The Placing Agent shall procure that such other agents (the “**Sub-agents**”) shall comply with all relevant obligations to which the Placing Agent is subject under the terms of the Placing Agreement. The Placing Agent also confirmed that it will procure that the Sub-agents (if any) and their respective ultimate beneficial owners are Independent Third Parties and are not acting in concert with the Subscribers, their beneficial owners and respective concert parties.

Any Untaken Shares will then be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

Set out below are the principal terms of the Placing Agreement:

Date: 24 June 2021

Placing Agent: Emperor Securities Limited

Placing Price: The placing price of the Unsubscribed Shares shall be at least equal to the Offer Price and the Subscription Price and the final price determination will be depended on the demand for and the market conditions of the Unsubscribed Shares during the process of placement

Placing Period: A period commencing from the third (3rd) Business Day immediately after the Latest Time for Acceptance and ending on the Latest Time for Unsubscribed Shares Arrangement (both days inclusive)

Placing Placee(s): Any person or entity procured by the Placing Agent or its agent(s) (save for (i) any person or entity connected with the Subscribers, the Directors, chief executive or substantial shareholders (as defined in the Listing Rules) of the Company or any of their respective subsidiaries or associated companies or any of their respective associates; (ii) a party acting in concert (as defined in the Takeovers Code) with any of them or other Placing Placees; or (iii) any Shareholder) to subscribe for any Unsubscribed Share. The Company will take all appropriate steps to ensure that sufficient public float be maintained upon completion of the Placing in compliance with Rule 8.08 of the Listing Rules

Placing commission: Subject to completion of the Placing, 1.5% of the amount which is equal to the Placing Price multiplied by the number of the Unsubscribed Shares successfully placed by the Placing Agent

If all or any of the Unsubscribed Shares are successfully placed, any premium over the Offer Price and the Subscription Price will be distributed to the relevant No Action Shareholders. If all of the Unsubscribed Shares are successfully placed, the underwriting obligations of the Underwriter under the Underwriting Agreement will be terminated forthwith. If and only if there remain any Untaken Shares will the Underwriter be obliged to take up the Untaken Shares at the Offer Price.

The Placing Agent is independent of and not connected with the Company or its connected persons. As at the date of this announcement, the Placing Agent is not interested in any Shares.

None of the Placing Agent and its concert parties is acting in concert with the Subscribers, their respective ultimate beneficial owner or any of the parties acting in concert with any of them. The terms of the Placing Agreement, including the placing commission, were determined after arm's length negotiation between the Placing Agent and the Company with reference to the prevailing market rate and the Company considers the terms are on normal commercial terms.

The Company considers that the Unsubscribed Shares Arrangement will provide a compensatory mechanism for the No Action Shareholders, protect the interest of the Company's Independent Shareholders, and is fair and reasonable and in the interests of the Company and the Shareholders as a whole.



## **Odd lots arrangements and matching services**

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Open Offer and the Capital Reorganisation, the Company will appoint an agent to arrange for matching services, on a best effort basis, to the 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.

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

Further details of the odd lot trading arrangement will be set out in the Circular to be despatched to the Shareholders.

## **No transfer of nil-paid entitlements**

The invitation to subscribe for the Offer Shares to be made to the Qualifying Shareholders will not be transferable. There will not be any trading in nil-paid entitlements on the Stock Exchange.

## **Application for listing**

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Offer Shares. Subject to the granting of the approval for the listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS operational procedures in effect from time to time.

Dealings in the Offer Shares, which are registered in the register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

## **Share certificates for the Offer Shares**

Subject to the fulfillment of the conditions of the Open Offer as set out under the sub-section headed “Conditions precedent to the Open Offer” below, share certificates for all fully-paid Offer Shares shall be posted to those Qualifying Shareholders who have accepted and (where applicable) applied for, and paid for the Offer Shares by ordinary post at their own risks.

Further announcement(s) will be made to inform the Shareholders of the progress of the matter, including the proposed timetable, odd lots arrangement and the arrangements of the posting of the share certificates for the Offer Shares, as and when appropriate.

## **Conditions precedent to the Open Offer**

The Open Offer is conditional upon, inter alia, the fulfillment of the conditions set out under the sub-section headed “Conditions of the Underwriting Agreement” below. Therefore, the Open Offer may or may not proceed.

## **Underwriting Agreement**

Principal terms of the Underwriting Agreement entered into between the Company and the Underwriter are set out as follows:

Date: 24 June 2021

Parties: (1) the Company; and  
(2) Emperor Securities Limited, the Underwriter

Number of Underwritten Shares: If and to the extent that at the Latest Time for Unsubscribed Shares Arrangement, there shall be any Untaken Shares which have not been successfully placed out by the Placing Agent under the Unsubscribed Shares Arrangement, then the Underwriter shall subscribe or procure subscription for all of the Untaken Shares pursuant to the allocations under the terms set out in the Underwriting Agreement and on the terms as set out in the Prospectus Documents. The maximum underwriting commitment of the Underwriter shall be up to 641,177,050 Offer Shares at the Offer Price assuming no further issue of new Share(s) or Consolidated Shares on or before the Record Date

Underwriting commission: 2% of the aggregate Offer Price in respect of the Underwritten Shares

The Underwriter is independent of and not connected with the Company or its connected persons. As at the date of this announcement, the Underwriter is not interested in any Shares.

None of the Underwriter and its concert parties is acting in concert with the Subscribers, their respective ultimate beneficial owner or any of the parties acting in concert with any of them. Under the Underwriting Agreement, the Underwriter may appoint any other person to be its sub-underwriter(s) for the purposes of sub-underwriting the Underwritten Shares. Any commission, costs, fees and expenses incurred by the sub-underwriter(s) and/or the Underwriter in connection with any sub-underwriting arrangement shall be borne solely by the Underwriter.

The Underwriter undertakes with the Company that (i) it shall use all reasonable endeavours to provide that each of the subscribers or purchasers of Underwritten Shares procured by it and the sub-underwriters (a) shall be third parties independent of, not acting in concert with and shall not be connected with the Subscribers, the Directors, chief executive or substantial Shareholders or their respective associates; and (b) shall not be a Shareholder (the “**Independent Underwriting Placees**”); (ii) it shall use all reasonable endeavours to ensure that each sub-underwriter procured by it is independent of and not connected with the Company nor acting in concert with the Subscribers, their respective ultimate beneficial owner or any of the parties acting in concert with any of them and will enter into sub-underwriting agreements such that none of the Underwriter and the sub-underwriters (together with parties acting in concert with each of them) will hold 10% or more of the issued Consolidated Shares immediately after the Open Offer; and (iii) the Underwriter shall and shall cause the sub-underwriters to procure Independent Underwriting Placees to take up such number of Offer Shares as necessary to ensure that the public float requirements under Rule 8.08 of the Listing Rules are complied with immediately after the Open Offer.

Terms of the Underwriting Agreement (including but not limited to the underwriting commission) were determined after arm’s length negotiations between the Company and the Underwriter with reference to the then applicable market rate. The Board (excluding members of the Independent Board Committees who will form their opinion after reviewing the letter from the independent financial adviser) is of the opinion that the terms of the Underwriting Agreement are on normal commercial terms and in the best interest of the Company and the Shareholders as a whole.

## **Conditions of the Underwriting Agreement**

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

- (i) the Whitewash Waiver having been granted by the Executive and such Whitewash Waiver not having been subsequently revoked or withdrawn;
- (ii) the conditions precedent to the Revised Subscription Agreement having been fulfilled (save and except for the condition that all conditions precedent set out in the Underwriting Agreement having been fulfilled);
- (iii) the Independent Shareholders approving the Open Offer at the GM;
- (iv) the issue by the Stock Exchange of a certificate of authorisation of registration in respect of, and the registration of one duly signed copy (by every Director or his/her agent authorised in writing) of, each of the Prospectus Documents (and all other documents required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance to be attached thereto) by the Registrar of Companies in Hong Kong prior to the Posting Date;
- (v) the filing of one duly signed copy of the Prospectus with the Registrar of Companies in Hong Kong, prior to, on or as soon as practicable after the Posting Date;
- (vi) the posting of the Prospectus Documents to the Qualifying Shareholders on or before the Posting Date;
- (vii) the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in the Offer Shares by no later than the first day of Resumption;
- (viii) the representations and warranties made by the Company remaining true and accurate and not misleading in all material respects at all times prior to the Latest Time for Termination;
- (ix) compliance with and performance of all the undertakings and obligations of the Underwriter under the Underwriting Agreement;

- (x) the Placing Agreement having become unconditional; and
- (xi) the obligations of the Underwriter becoming unconditional and the Underwriting Agreement not being terminated or rescinded by the Underwriter pursuant to the terms thereof on or before the Latest Time for Termination.

None of the conditions set out above can be waived. The obligations of the Underwriter will cease if the conditions have not been satisfied prior to 20 September 2021 (or such other time and/or date as the Company and the Underwriter may determine in writing) and no party shall have any claim against any other party save for legal fees and other out-of-pocket expenses (excluding any commission, costs, fees and expenses incurred in connection with any sub-underwriting arrangement) reasonably incurred by the Underwriter in connection with the underwriting of the Offer Shares to the extent agreed by the Company to be borne by the Company or any antecedent breaches.

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

### **Termination of the Underwriting Agreement**

If, prior to the Latest Time for Termination:

- (i) in the absolute opinion of the Underwriter, the success of the Open Offer would be materially and adversely affected by:
  - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Underwriter, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
  - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

- (ii) any material adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Underwriter is likely to affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (iii) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out occurs; or
- (iv) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter will adversely affect the prospects of the Company,

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

The Underwriter shall be entitled by a notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination any material breach of any of the representations, warranties or undertakings comes to the knowledge of the Underwriter. Any such notice shall be served to the Company prior to the Latest Time for Termination.

In the event that the Underwriter terminates the Underwriting Agreement by notice in writing given to the Company on or before the Latest Time for Termination, the obligations of all parties under the Underwriting Agreement shall terminate forthwith and no party shall have any claim against any other party save for legal fees and other out-of-pocket expenses (excluding any commission, costs, fees and expenses incurred in connection with any sub-underwriting arrangement) reasonably incurred by the Underwriter in connection with the underwriting of the Underwritten Shares to the extent agreed by the Company be borne by the Company or any antecedent breaches under the Underwriting Agreement. The Open Offer will accordingly not proceed in this case and the Restructuring will fall through.

## **DEBT RESTRUCTURING**

As at the date of this announcement, the estimated total debt of the Company in the Debt Restructuring amounted to approximately HK\$545.7 million.

After haircut from the Creditors, the total debt of HK\$498.8 million in the Debt Restructuring will be settled by way of HK\$182.9 million in cash and HK\$315.9 million in Creditors Shares. It is proposed that the initial amount of approximately HK\$160.0 million required for the Debt Restructuring will be funded out of the proceeds from the Subscription and the Open Offer.

The Company entered into various legally binding agreements with the Creditors. The repayment structures were tailored based on different circumstances of the Creditors, which can be summarised below:

Debt Restructuring A	Seven (7) Creditors with an aggregate outstanding debt amount of approximately HK\$241.4 million agreed to receive 10% of their outstanding debt in cash and remaining 90% in Creditors Shares with issue price of HK\$2.0 per Creditors Share
Debt Restructuring B	Four (4) Creditors with an aggregate outstanding debt amount of approximately HK\$103.8 million agreed to receive 5% of their outstanding debt in cash and the remaining 95% in Creditors Shares with issue price of HK\$1.0 per Creditors Share
Debt Restructuring C	One (1) Creditor with outstanding debt of approximately HK\$156.6 million agreed to reduce the debt amount to approximately HK\$122.7 million with settlement by tranches
Debt Restructuring D	One (1) Creditor with outstanding debt of approximately HK\$43.9 million agreed to reduce the debt amount to approximately HK\$30.9 million



Set out below are the details of the Debt Restructuring:

**(a) Debt Restructuring A**

Seven (7) Creditors with an aggregate outstanding debt amount of approximately HK\$241.4 million agreed to receive (i) 10% of their outstanding debt in cash, which amounted to approximately HK\$24.1 million; and (ii) remaining 90% in 108,624,831 Creditors Shares with issue price of HK\$2.0 per Creditors Share, which amounted to approximately HK\$217.2 million.

Creditors	Date of legally binding agreements entered into with the Company	Outstanding debt amount as at the date of legally binding agreements (Approximate HK\$) (a)	Cash settlement to be paid by the Company (Approximate HK\$) (a x 10% = b)	Remaining debt amount after cash settlement (Approximate HK\$) (a - b = c)	Conversion of remaining debt amount to Creditors Shares (c/HK\$2.0)	Approximate percentage of enlarged total issued Consolidated Shares as adjusted for the effect of the Share Consolidation and the Subscription Shares, the Offer Shares and the Creditors Shares
Creditor A <sup>Note 1</sup>	7 May 2019	1,983,003	198,300	1,784,703	892,352 Consolidated Shares	0.03%
Creditor B <sup>Note 2</sup>	7 May 2019	2,644,004	264,400	2,379,604	1,189,802 Consolidated Shares	0.04%
Creditor C <sup>Note 3</sup>	24 May 2019	34,346,005	3,434,600	30,911,405	15,455,703 Consolidated Shares	0.50%
Creditor D <sup>Note 4</sup>	24 May 2019	4,627,006	462,700	4,164,306	2,082,153 Consolidated Shares	0.07%
Creditor E <sup>Note 5</sup>	7 May 2019	25,200,000	2,520,000	22,680,000	11,340,000 Consolidated Shares	0.37%
Creditor F <sup>Note 6</sup>	24 May 2019	91,294,246	9,129,424	82,164,822	41,082,411 Consolidated Shares	1.33%
Creditor G <sup>Note 7</sup>	10 June 2019	81,294,246	8,129,424	73,164,822	36,582,410 Consolidated Shares	1.19%
Total		241,388,510	24,138,848	217,249,662	108,624,831 Consolidated Shares	3.53%

*Notes:*

1. Creditor A, a limited company incorporated in the Republic of Seychelles wholly and beneficially owned by Mr. Sun Xiaoyang, an independent third party of the Company, is one of the vendors of the acquisition of 70% equity interest in the entire issued shares of Million Fortune International Investment Limited by the Company in 2015 (the “**Million Fortune Acquisition**”).

The debt represents consideration of HK\$1,983,003 for the Million Fortune Acquisition, of which Creditor A has received in the form of convertible bonds with conversion price of HK\$0.40 per conversion share. The convertible bonds issued to Creditor A have matured and the Company failed to redeem the convertible bonds.

2. Creditor B, a limited company incorporated in the Republic of Seychelles wholly and beneficially owned by Mr. Sun Xiaoyang, is one of the vendors of the Million Fortune Acquisition.

The debt represents consideration of HK\$2,644,004 for the Million Fortune Acquisition, of which Creditor B has received in the form of convertible bonds with conversion price of HK\$0.40 per conversion share. The convertible bonds issued to Creditor B have matured and the Company failed to redeem the convertible bonds.

3. Creditor C, a limited company incorporated in the Republic of Seychelles wholly and beneficially owned by Mr. Zhang Zhijie, is one of the vendors of the Million Fortune Acquisition.

The debt represents consideration of HK\$34,346,005 for the Million Fortune Acquisition, of which Creditor C has received in the form of convertible bonds with conversion price of HK\$0.40 per conversion share. The convertible bonds issued to Creditor C have matured and the Company failed to redeem the convertible bonds.

4. Creditor D, a limited company incorporated in the British Virgin Islands wholly and beneficially owned by Ms. Sun Jianjing, is one of the vendors of the Million Fortune Acquisition.

The debt represents consideration of HK\$4,627,006 for the Million Fortune Acquisition, of which Creditor D has received convertible bonds with conversion price of HK\$0.40 per conversion share. The convertible bonds issued to Creditor D have matured and the Company failed to redeem the convertible bonds.

5. Creditor E, namely Ms. Sun Xiaojing, is an independent third party of the Company, holds convertible bonds in the aggregate principal amount of approximately HK\$25.2 million with conversion price of HK\$0.40 per conversion share, of which HK\$18.0 million were transferred from Creditor A and HK\$7.2 million were transferred from Creditor B on 22 January 2016.

6. Creditor F, a company incorporated in the British Virgin Islands wholly and beneficially owned by Ms. Gu Baorong, an independent third party of the Company, is one of the vendors of the acquisition of the entire issued share capital of Gear World by the Company in 2016 (the “**Gear World Acquisition**”).

The debt represents consideration of HK\$15.0 million for the Gear World Acquisition, of which Creditor F has received convertible bonds in the aggregate principal amount of approximately HK\$70.0 million with conversion price of HK\$0.30 per conversion share. The convertible bonds issued to Creditor F have matured and the Company failed to redeem the convertible bonds.

7. Creditor G, Blissful Elite Limited, a company incorporated in the British Virgin Islands wholly and beneficially owned by Mr. Jason Shi, the son of Mr. Ji, is one of the vendors of the Gear World Acquisition.

The debt represents consideration of HK\$5.0 million for the Gear World Acquisition, of which Creditor G has received convertible bonds in the aggregate principal amount of approximately HK\$70.0 million with conversion price of HK\$0.30 per conversion share. The convertible bonds issued to Creditor G have matured and the Company failed to redeem the convertible bonds.

The issue of Creditors Shares to Creditor G constitutes a connected transaction under Chapter 14A of the Listing Rules and is subject to the announcement, reporting and Independent Shareholders’ approval requirements.

Pursuant to the legally binding agreements entered into between the Company and the Creditors under Debt Restructuring A:

- (i) the Creditors Shares shall be allotted and issued immediately prior to Resumption and will be subject to a lock up period of one year upon the Resumption;
- (ii) the cash settlement will be paid by the Company within three months upon the Resumption; and
- (iii) all the conversion rights to Shares attaching to convertible bonds of the Company held by respective Creditors had been forgone and the convertible bonds shall be cancelled by the Company.

**(b) Debt Restructuring B**

Four (4) Creditors with an aggregate outstanding debt amount of approximately HK\$103.8 million agreed to receive (i) 5% of their outstanding debt in cash, which amounted to approximately HK\$5.2 million; and (ii) remaining 95% in 98,649,478 Creditors Shares with issue price of HK\$1.0 per Creditors Share, which amounted to approximately HK\$98.6 million.

Creditors	Date of legally binding agreements entered into with the Company	Outstanding debt amount as at the date of legally binding agreements (Approximate HK\$) (a)	Cash settlement to be paid by the Company (Approximate HK\$) (a x 5% = b)	Remaining debt amount after cash settlement (Approximate HK\$) (a - b = c)	Conversion of remaining debt amount to Creditors Shares (c/HK\$1.0)	Approximate percentage of enlarged total issued Consolidated Shares as adjusted for the effect of the Share Consolidation and the Subscription Shares, the Offer Shares and the Creditors Shares
Creditor H <sup>Note 1</sup>	26 May 2019	61,017,616	3,050,880	57,966,736	57,966,736	1.88%
Creditor I <sup>Note 1</sup>	26 May 2019	40,068,767	2,003,438	38,065,329	38,065,329	1.24%
Creditor J <sup>Note 2</sup>	27 May 2019	2,249,315	112,465	2,136,850	2,136,850	0.07%
Creditor K <sup>Note 3</sup>	27 May 2019	505,855	25,292	480,563	480,563	0.02%
					Consolidated Shares	
Total		103,841,553	5,192,075	98,649,478	98,649,478	3.21%
					Consolidated Shares	

*Notes:*

- Creditor H and Creditor I, namely Mr. Gao Xin and Mr. Cheng Peng respectively, are independent third parties of the Company and are holders of bonds issued by the Company in principal amount of HK\$55.5 million and HK\$35 million respectively. The bonds held by Creditor H and Creditor I were issued between January and June 2016 pursuant to the bond placing agreement entered into between the Company and China Times Securities Limited on 17 November 2015 and were matured on or before 30 June 2018 (the “**2015 Bonds**”).

The debt represents the amount due for redemption of principal amount and interest of the 2015 Bonds.

2. Creditor J, a limited company incorporated in Hong Kong and is a holder of Hong Kong money lender license. Creditor J is beneficially owned as to 90% by Ms. Tsang Wai Yee Terri and 10% by Mr. Frank Yu. Creditor J and its beneficial owners are independent third parties to the Company. Creditor J entered into a loan agreement with the Company on 31 March 2017, pursuant to which, Creditor J lent HK\$2 million to the Company.

The debt represents the principal amount and interest of such loan.

3. Creditor K, a limited company incorporated in the British Virgin Islands beneficially owned as to 38.18% by Mr. Choi Jong Ho, 32.73% by Mr. Lee Sang Yoon, 20.00% by Mr. Jin Do Yoon and 9.09% by Mr. Frank Yu. Creditor K and its beneficial owners are independent third party to the Company. Creditor K entered into a loan agreement with the Company on 3 April 2017, pursuant to which, Creditor K lent HK\$450,000 to the Company.

The debt represents the principal amount and interest of such loan.

Pursuant to the legally binding agreements entered into between the Company and the Creditors under Debt Restructuring B:

- (i) the Creditors Shares shall be allotted and issued immediately prior to Resumption and will be subject to a lock up period of one year upon the Resumption; and
- (ii) the cash settlement will be paid by the Company within three months upon the Resumption.

**(c) Debt Restructuring C**

On 6 June 2019, the Company and Creditor L entered into a legally binding agreement in relation to the outstanding debt owed by the Company for a financial lease of 295 electric buses in September 2016.

Pursuant to which, Creditor L agreed to reduce outstanding debt owed by the Company from approximately HK\$156.6 million (equivalent to approximately RMB138.0 million) to approximately HK\$122.7 million (equivalent to approximately RMB108.1 million) and settle in the following manner:

- (i) not less than HK\$40 million (or equivalent in RMB) will be paid by Company on or before the end of 2021; and

- (ii) the remaining outstanding balance will be paid by the Company on or before the end of 2023.

Creditor L, a limited company incorporated in the PRC, is owned as to 64.16% by 中民投租賃控股有限公司 (China Minsheng Investment Leasing Holdings Limited\*); 25.00% by Hana Bank; 7.50% by 中民國際投資控股有限公司 (China Minsheng International Investment Holdings Limited\*); 1.67% by 陝西榮民文化產業發展有限公司 (Shaanxi Rongmin Cultural Industry Development Limited\*); and 1.67% by 北京德瑞高投資管理有限公司 (Beijing Derui Investment Management Limited\*). Creditor L and its ultimate beneficial owners are independent third parties to the Company.

**(d) Debt Restructuring D**

On 6 June 2019, the Company and Creditor M, a limited company incorporated in the PRC, which is indirect wholly owned by Hanhua Financial Holding Co., Ltd., a company listed on the Main Board of the Stock Exchange (stock code: 3903), and an independent third party to the Company, entered into a legally binding agreement in relation to the outstanding debt owed by the Company for a financial lease of 105 electric buses in September 2016.

Pursuant to which, Creditor M agreed to reduce outstanding debt owed by the Company from approximately HK\$43.9 million (equivalent to approximately RMB38.7 million) to approximately HK\$30.9 million (equivalent to approximately RMB27.2 million) and settle within three months upon the Resumption.

**Issue Price of the Creditors Shares**

It is expected that an aggregate of 207,274,309 Creditors Shares will be issued upon completion of the Debt Restructuring, representing (i) 32.3% of the total number of Consolidated Shares in issue as adjusted for the effect of the Share Consolidation; and (ii) approximately 6.7% of the enlarged total number of Consolidated Shares in issue as adjusted for the effect of the Share Consolidation and the issue of the Subscription Shares, the Offer Shares and the Creditors Shares.

The Company has undertaken negotiations with the different Creditors, the issue price of Creditors Share for Debt Restructuring A and Debt Restructuring B are at HK\$2.0 and HK\$1.0 per Creditor Share respectively. The Company proposed multiple debt restructuring plans with various settlement methods to the different Creditors in view of the diverse nature and terms of the respective debts. As a result of these separate extensive arm's length negotiations and different circumstances surrounding the debts, the Company and the Creditors reached different settlement proposals. The Directors consider that the different proposals are reasonable and in the interests of the Company in the respective circumstances.

### ***Status of the Creditors Shares***

The implementation of the Debt Restructuring is conditional on the Capital Reorganisation becoming effective, completion of the Subscription and the Open Offer and obtaining of the approval-in-principle of Resumption from the SFC and the Stock Exchange. All the legally binding agreements entered into between the Company and the Creditors will lapse if the Resumption fails to materialise.

As at the date of this announcement, none of the Creditors own any Shares.

The Creditors Shares, when allotted, issued and credited as fully-paid, will rank pari passu in all respects among themselves and with the Consolidated Shares in issue as at the date of allotment and issue of the Creditors Shares, free from all encumbrances together with all rights attaching thereto upon allotment and issue and at any time thereafter, including all rights to any dividend or other distribution declared, made or payable.

The Creditors Shares will be allotted and issued under a specific mandate to be obtained upon approval by the Independent Shareholders at the GM.

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



## **REASONS FOR THE SUBSCRIPTION, THE DEBT RESTRUCTURING AND THE OPEN OFFER AND USE OF PROCEEDS**

### **Suspension of Trading**

Trading in the Shares on the Stock Exchange has been suspended since 1 August 2016. On 5 August 2016, the SFC issued a direction under Rule 8(1) of the Securities and Futures (Stock Market Listing) Rules (Cap. 571 of the laws of Hong Kong) to suspend trading in the Shares at 1:00 p.m. on 5 August 2016 because it appeared to the SFC that (i) the interim report of the Company for the six months ended 30 June 2015 and the annual report of the Company for the year ended 31 December 2015, and other reports or statements published by the Company contained materially false or misleading information; (ii) it is necessary or expedient to do so in the interest of maintaining an orderly and fair market in the Shares; and (iii) it is in the interest of the investing public or in the public interest, or it is appropriate for the protection of investors generally or for the protection of investors in the Shares to do so. Despite trading suspension, the acquisition of Gear World was completed on 31 August 2016. Gear World indirectly owned the entire equity interest of TMTC Rental, and in turn owned as to 49% of the equity interest of TMTC Travel. All other business of the Group ceased in 2017.

### **Resumption Conditions**

On 26 July 2018, the Stock Exchange issued a letter to the Company setting out the following Resumption Conditions, failing which the Company would be delisted from the Stock Exchange:–

- (i) demonstrate that the Company has put in place adequate internal control systems; and
- (ii) publish all outstanding financial results in accordance with the Listing Rules and address any audit modifications.

To assist the Company in fulfilling the Resumption Conditions (i), the Company appointed Netis Advisory Limited as the Internal Control Adviser. As at the date of this announcement, (a) the Internal Control Adviser has completed the first stage review, the main purpose of which was to, inter alia, identify the internal control deficiencies of the Group and provide recommendations to the Group to rectify the afore-mentioned deficiencies; (b) the Company completed rectification based on the recommendations and relevant findings from the first stage review of the Internal Control Adviser; and (c) the follow-up review conducted by the Internal Control Adviser was completed to assess whether the recommendations have been carried out and the deficiencies of the Group have been rectified. Accordingly, the Internal Control Adviser confirmed that it is not aware of any material internal control deficiency of the Group.

For Resumption Condition (ii), the Group has published all the outstanding annual results for the financial year ended 31 December 2016, 2017, 2018, 2019 and 2020, interim results for the six months ended 30 June 2016, 2017, 2018, 2019 and 2020.

As for audit modifications, the auditors of the Company, ZHONGHUI ANDA CPA Limited, did not express an opinion on the consolidated financial statements of the Group for the financial year ended 31 December 2020. The basis of disclaimer opinion are (i) limited accounting books and records of two subsidiaries – First Concept Industrial Group Limited and iFrontier LLC; (ii) loss on deconsolidation of the subsidiaries; (iii) borrowing; and (iv) going concern.

In order to address the going concern issue, where the Group had net liabilities of approximately HK\$525,411,000 for the year ended 31 December 2020, the Company plans to implement (i) the Subscription; (ii) the Open Offer; and (iii) the Debt Restructuring, to reduce debt and raise capital for expansion and for working capital. Upon Completion, the financial position of the Company will be significantly improved, and the disclaimer on going concern will be removed. Other disclaimers are expected to be removed in the financial year ending 31 December 2021 after Resumption.

## **Benefits of the Subscription, Open Offer and Debt Restructuring**

The Subscription will introduce the First Subscriber and the Second Subscriber as Shareholders. The Open Offer will provide an opportunity to the Shareholders to participate in the Restructuring and business development of the Group. It will also reduce the dilutive effect of the Subscription on the shareholding of the Shareholders. The Subscription and Open Offer will strengthen the financial position of the Group for business expansion and, in conjunction with the Debt Restructuring, relieve the indebtedness of the Company. It will also raise additional working capital for the Company.

The Debt Restructuring will significantly reduce the debt level of the Company, and hence improve the financial position of the Company.

## **Use of Proceeds**

The gross proceeds from the Subscription and the Open Offer will be approximately HK\$245.2 million in aggregate, which will be applied as to (i) approximately HK\$160.0 million for the settlement of debt under the Debt Restructuring; (ii) approximately HK\$60.6 million for business expansion, including purchase of new vehicles, set up of charging stations, acquisition in vertical and/or horizontal business, such as electric car battery manufacturer, electric bus manufacturer, etc; and (iii) approximately HK\$24.6 million for general working capital.

Having considered the factors above, the Board (excluding members of the Independent Board Committees who will form their opinion after reviewing the letter from the independent financial adviser) consider that the terms of the Subscription, the Open Offer (including the transactions contemplated under the Placing Agreement and the Underwriting Agreement), and the Debt Restructuring are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates the shareholding structure of the Company (i) as at the date of this announcement; (ii) upon the Share Consolidation becoming effective; (iii) upon Completion (assuming all Qualified Shareholders fully subscribed for the Offer Shares); and (iv) upon Completion (assuming none of the Qualified Shareholders subscribed for the Offer Shares), assuming that there will not be any other changes in the issued share capital and shareholding structure of the Company from the date of this announcement up to Completion:

Shareholders	As at the date of this announcement		Upon the Share Consolidation becoming effective		Upon Completion (assuming all the Qualified Shareholders take up the Offer Shares)		Upon Completion (assuming none of the Qualified Shareholders take up the Offer Shares)	
	Number of Shares	%	Number of Consolidated Shares	%	Number of Consolidated Shares	%	Number of Consolidated Shares	%
<b>Subscribers</b>								
First Subscriber	-	-	-	-	972,500,000	31.60%	972,500,000	31.60%
Second Subscriber	-	-	-	-	615,500,000	19.99%	615,500,000	19.99%
Blissful Elite Limited (Note 2)	-	-	-	-	36,582,410	1.19%	36,582,410	1.19%
<b>Subscribers and parties acting in concert with any of them</b>								
	-	-	-	-	1,624,582,410	52.78%	1,624,582,410	52.78%
<b>Creditors (excluding Blissful Elite Limited)</b>								
	-	-	-	-	170,691,899	5.55%	170,691,899	5.55%
<b>Former Directors</b>								
Yang Fan	810,759,648	12.64%	81,075,965	12.64%	162,151,930	5.27%	81,075,965	2.63%
Li Hui	1,801,000	0.03%	180,100	0.03%	360,200	0.01%	180,100	0.01%
Tian Songlin	470,000	0.01%	47,000	0.01%	94,000	0.00%	47,000	0.00%
	813,030,648	12.68%	81,303,065	12.68%	162,606,130	5.28%	81,303,065	2.64%
<b>Substantial Shareholders</b>								
Liu Zidong	605,050,000	9.44%	60,505,000	9.44%	121,010,000	3.93%	60,505,000	1.97%
Wang Yi	585,533,845	9.13%	58,553,384	9.13%	117,106,768	3.81%	58,553,384	1.90%
	1,190,583,845	18.57%	119,058,384	18.57%	238,116,768	7.74%	119,058,384	3.87%
<b>Placing Place(s), Underwriter, sub-underwriters, and Independent Underwriting Places</b>								
	-	-	-	-	-	-	641,177,050	20.83%
<b>Other public Shareholders</b>								
	4,408,156,007	68.75%	440,815,601	68.75%	881,631,202	28.65%	440,815,601	14.33%
<b>Total</b>	<b>6,411,770,500</b>	<b>100.00%</b>	<b>641,177,050</b>	<b>100.00%</b>	<b>3,077,628,409</b>	<b>100.00%</b>	<b>3,077,628,409</b>	<b>100.00%</b>

*Notes:*

1. As at the date of this announcement, none of the Directors is interested in any Shares or any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.
2. One of the Creditors, Blissful Elite Limited, is wholly-owned by Mr. Jason Shi who is the son of Mr. Ji and will be interested in 36,582,410 Consolidated Shares upon completion of the Debt Restructuring. As such, the First Subscriber, Mr. Ji and parties acting in concert with them (including the Second Subscriber and Mr. Guo) will be interested in 1,624,582,410 Consolidated Shares, representing approximately 52.8% of the enlarged total number of Consolidated Shares in issue upon Completion.

As at the date of this announcement, the existing public Shareholders hold as to approximately 87.3% of the total number of Shares in issue. Upon the Share Consolidation becoming effective and completion of the Subscription, the Debt Restructuring and the Open Offer (assuming none of the Offer Shares are subscribed for by the Qualifying Shareholders), the public Shareholders will hold as to 47.2% of the enlarged total number of Consolidated Shares in issue.

The Company will take all appropriate steps to ensure that sufficient public float be maintained upon completion of the Placing in compliance with Rule 8.08 of the Listing Rules.

The Underwriter undertakes with the Company that (i) it shall use all reasonable endeavours to provide that each of the subscribers or purchasers of Underwritten Shares procured by it shall be Independent Underwriting Placees; (ii) it shall use all reasonable endeavours to ensure that each sub-underwriter procured by it is independent of and not connected with the Company nor acting in concert with the Subscribers, their respective ultimate beneficial owner or any of the parties acting in concert with any of them and will enter into sub-underwriting agreements such that none of the Underwriter and the sub-underwriters (together with parties acting in concert with each of them) will hold 10% or more of the issued Consolidated Shares immediately after the Open Offer; and (iii) the Underwriter shall and shall cause the sub-underwriters to procure Independent Underwriting Placees to take up such number of Offer Shares as necessary to ensure that the public float requirements under Rule 8.08 of the Listing Rules are complied with immediately after the Open Offer.

## **FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

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

## **BACKGROUND OF THE SUBSCRIBERS**

The First Subscriber is a company incorporated in Hong Kong with limited liability and wholly-owned by Mr. Ji. The principal business activity of the First Subscriber is investment holding.

The Second Subscriber is a company incorporated in Hong Kong with limited liability and wholly-owned by Mr. Guo. The principal business activity of the Second Subscriber is investment holding.

Mr. Ji, aged 58, was appointed as an executive Director on 29 August 2017 and appointed as the chairman of the Board on 29 November 2018. He is also an authorised representative of the Company pursuant to Rule 3.05 of the Listing Rules and director of various subsidiaries of the Group. He completed the course of master's degree in business administration at International Business Administration School of the University of International Business and Economics in China in November 2005. He founded TMTC Rental with Mr. Guo in 2006 and currently serves as its chairman.

Mr. Guo, aged 49, was appointed as an executive Director on 4 April 2018. He has almost 20 years' experience in passenger transport management. From 1999 to 2004, he worked in 北京青年旅行社有限公司 (Beijing Youth Travel Agency Co., Ltd\*) as department manager, mainly responsible for scheduling of sightseeing buses, business development and customer relationship etc. From 2004 to 2006, Mr. Guo worked in 北京天馬旅遊汽車公司 (Beijing Tian Ma Tourist Car Co., Ltd\*) as deputy team leader, mainly responsible for fleet management, business development and customer relationship etc. He founded TMTC Rental with Mr. Ji in 2006 and currently serves as its general manager.

As at the date of this announcement, save for the disposal of certain subsidiaries of the Company on 24 July 2019 to third parties (who are not Shareholders) independent to the Company and the Subscribers as disclosed in the announcement of the Company dated 26 July 2019, the Subscribers and parties acting in concert with any of them do not have any plans, negotiations and discussions with any parties in respect of injections or disposals of business and assets relating to the Company.

As at the date of this announcement, the Subscribers and parties acting in concert with any of them are not interested in any Shares.

## **BUSINESS OF THE COMPANY**

The Company is incorporated in Hong Kong with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange. Prior to the suspension of trading in Shares in August 2016, the Group was principally engaged in resources trading business, media and advertising business and provision of online platform for trading and deferred spot delivery services of precious metals mainly being silver and copper, and other associated services including transaction settlement management, commodity delivery management and related consulting services to customers nationwide in the PRC. All of these businesses were ceased in 2017.

As at the date of this announcement, the Group is engaged in bus transportation services, passenger operation and car rental services through TMTC Group. It has a fleet of 867 vehicles, 592 chauffeurs and 37 other staff members.

TMTC Group operates through two major subsidiaries, being TMTC Rental and TMTC Travel. TMTC Rental, an indirect wholly-owned subsidiary of the Company, is engaged in vehicle rental service only (without chauffeur), majority of its vehicles are rented to TMTC Travel and the remaining are rented to third parties or as relief in case of maintenance or breakdown. TMTC Travel provides vehicle rental services or vehicle rental with chauffeur exclusively to third parties, it also operates charging stations. Over 90% of TMTC Group's business with third parties were operated through TMTC Travel.

Prior to 1 September 2019, TMTC Travel was an associate company of TMTC Rental with 49% equity interest held by TMTC Rental and 51% equity interest held by Beijing Dingyan Shengshi Technology Development Co., Ltd. ("**Beijing Dingyan**"), a company wholly owned by Mr. Xing Jie, being one of the founders of TMTC Group.

To be consistent with the current operation model and to formalise the management arrangement, on 1 September 2019, TMTC Rental and Beijing Dingyan entered into an agreement, pursuant to which Beijing Dingyan irrevocably delegated all its management rights to the directors of TMTC Travel. As such, articles of TMTC Travel have been changed and the results of TMTC Travel were consolidated to TMTC Group's and the Group's account under HKFRS10 on the basis of full management control over TMTC Travel by TMTC Group.

## **IMPLICATIONS UNDER THE LISTING RULES**

For the Subscription, as the First Subscriber is a company wholly-owned by Mr. Ji and the Second Subscriber is a company wholly-owned by Mr. Guo, each being an executive Director and therefore each a connected person of the Company under the Listing Rules, the Revised Subscription Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the announcement, reporting and Independent Shareholders' approval requirements.

For the Open Offer, as the Offer Shares will be issued pursuant to the specific mandate of the Company, in accordance with Rule 7.24A(1) of the Listing Rules, the Open Offer must be made conditional on approval by the Independent Shareholders at the GM and, pursuant to Rule 7.27A(1) of the Listing Rules, any controlling Shareholders and their associates, or where there is no controlling Shareholder, the Directors (other than the independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favor of the resolution(s) relating to the Open Offer.

For the Debt Restructuring, as the Company proposes to allot and issue 36,582,410 Creditors Shares to Blissful Elite Limited in relation to the indebtedness due to Blissful Elite Limited, a company wholly-owned by Mr. Jason Shi who is the son of Mr. Ji, such allotment and issuance of the Creditors Shares constitutes a connected transaction under Chapter 14A of the Listing Rules and is subject to the announcement, reporting and Independent Shareholders' approval requirements.

As (i) completion of the Subscription is conditional upon all conditions precedent set out in the Underwriting Agreement having been fulfilled; and (ii) completion of the Open Offer is conditional upon the conditions precedent to the Revised Subscription Agreement having been fulfilled (save and except for the condition that all conditions precedent set out in the Underwriting Agreement in relation to the underwriting of the Open Offer having been fulfilled), completion of the Open Offer and the Subscription and the allotment and issue of the Offer Shares, the Subscription Shares and the Creditors Shares are expected to take place simultaneously.



## **IMPLICATIONS UNDER THE TAKEOVERS CODE**

### **Whitewash Waiver**

As at the date of this announcement, the Subscribers, their respective ultimate beneficial owner and parties acting in concert with any of them are not interested in any Shares and none of the Creditors are interested in any Shares. Upon completion of the Subscription, the Subscribers will be interested in 1,588,000,000 Consolidated Shares, representing (i) approximately 71.2% of the enlarged total number of Consolidated Shares in issue as adjusted for the effect of the Share Consolidation and the issue of the Subscription Shares; and (ii) approximately 51.6% of the enlarged total number of Consolidated Shares in issue as adjusted for the effect of the Share Consolidation and the issue of the Subscription Shares, the Offer Shares and the Creditors Shares.

One of the Creditors, Blissful Elite Limited, is wholly-owned by Mr. Jason Shi who is the son of Mr. Ji and will be interested in 36,582,410 Creditors Shares upon completion of the Debt Restructuring. As such, immediately after the Completion, the Subscribers and their concert parties will be interested in an aggregate of 1,624,582,410 Consolidated Shares, representing approximately 52.8% of the enlarged total number of Consolidated Shares in issue as adjusted for the effect of the Share Consolidation and the issue of the Subscription Shares, the Offer Shares and the Creditors Shares. Therefore, the Subscription will trigger an obligation for the Subscribers to make a mandatory general offer under Rule 26.1 of the Takeovers Code for all issued Consolidated Shares (not already owned or agreed to be acquired by the Subscribers and parties acting in concert (as defined in the Takeovers Code) with any of them), upon completion of the Subscription, unless a waiver is granted by the Executive.

The Subscribers will make an application to the Executive for the granting of the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, approval of (i) the Share Consolidation, the Subscription, the Open Offer and the Debt Restructuring by way of ordinary resolutions; and (ii) the approval of the Whitewash Waiver by way of special resolution, by the Independent Shareholders at the GM by way of poll. The Executive may or may not grant the Whitewash Waiver. If the Whitewash Waiver is not granted, the Revised Subscription Agreement will lapse and consequentially the Subscription, the Open Offer and the Debt Restructuring will not proceed.

As at the date of this announcement, the Company is not aware that the Subscription gives 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 related to the Independent Shareholder's approval of the Subscription and Whitewash Waiver. The Company notes that the Executive may not grant the Whitewash Waiver if the Subscription does not comply with other applicable rules and regulations.

## **INFORMATION REQUIRED UNDER THE TAKEOVERS CODE**

As at the date of this announcement, save for the transactions contemplated under the Revised Subscription Agreement and the legally binding agreements under the Debt Restructuring, the Subscribers and their respective ultimate beneficial owner confirmed that neither of them nor parties acting in concert with any of them:

- (i) 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;
- (ii) owns any outstanding options, warrants, or any securities that are convertible into Shares or Consolidated Shares or any derivatives in respect of Shares or Consolidated Shares nor has entered into any outstanding derivative in respect of securities in the Company;
- (iii) has any arrangement as referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) or contracts with any other parties in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company which might be material to the Subscription, the Open Offer and the Whitewash Waiver;
- (iv) has received any irrevocable commitment to vote for/against the resolution approving the transactions contemplated under the Share Consolidation, the Subscription, the Open Offer, the Debt Restructuring and the Whitewash Waiver;

- (v) has any agreements or arrangements to which the Subscribers or parties acting in concert with any of them is a party which relate to the circumstances in which the Subscribers or parties acting in concert with any of them may or may not invoke or seek to invoke a pre-condition or a condition to the transactions contemplated under the Subscription, the Open Offer and the Whitewash Waiver;
- (vi) has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company; and
- (vii) has any dealings in any Shares, outstanding options, derivatives, warrants or other securities convertible or exchangeable into Shares during the six months prior to the date of this announcement.

There is no understanding, arrangement, agreement or special deal as contemplated under Rule 25 of the Takeovers Code between the Subscribers, their respective beneficial owner or parties acting in concert with any of them on the one hand, and the Company and parties acting in concert with the Company on the other hand.

There is no understanding, arrangement or agreement or special deal as contemplated under Rule 25 of the Takeovers Code between (1) any Shareholder; and (2)(a) the Subscribers, their respective beneficial owner and parties acting in concert with any of them, or (b) the Company, its subsidiaries or associated companies.

## **GENERAL**

### **The GM**

The GM will be convened for the purpose of considering and, if thought fit, passing the resolutions to approve, among others, the Share Consolidation, the Subscription, the Open Offer, the Debt Restructuring and the Whitewash Waiver. The resolutions in relation to the Share Consolidation, the Subscription, the Open Offer, the Debt Restructuring and the Whitewash Waiver at the GM will be voted on by the Independent Shareholders by way of poll.

## **The Circular**

The Company will despatch the Circular in accordance with requirements under the Listing Rules and the Takeovers Code, which will contain, among other things, further details of the Capital Reorganisation, the Subscription, the Open Offer, the Debt Restructuring and the Whitewash Waiver.

The Circular is subject to the requirements under the Takeovers Code and by the Stock Exchange, and will be despatched to the Shareholders as soon as practicable subject to clearance by the Stock Exchange.

Under Rule 14A.68(11) of the Listing Rules, the Company is required to despatch the Circular in relation to the connected transactions within 15 Business Days after the publication of this announcement. Under Rule 8.2 of the Takeovers Code, the Company is required to despatch to Shareholders the Circular in respect of, among other things, the terms of the Subscription and the Whitewash Waiver, within 21 days from the date of publication of this announcement, that is, on or before 15 July 2021.

As it is expected that more time may be needed for the Stock Exchange to approve the Circular, the Company will apply to the Executive pursuant to Rule 8.2 of the Takeovers Code for its consent to extend the time limit for the despatch of the Circular and the Company will make further announcement on the expected date of despatch of the Circular.

## **Formation of the Independent Board Committees and appointment of independent financial adviser**

The Independent Board Committee A comprising all independent non-executive Directors has been formed to advise the Independent Shareholders in relation to the Share Consolidation, the Subscription, the Open Offer and the Debt Restructuring (in respect of the connected share issuance to Blissful Elite Limited).

The Independent Board Committee B comprising all non-executive Director and independent non-executive Directors has been formed to advise the Independent Shareholders in relation to the Share Consolidation, the Subscription, the Open Offer, the Debt Restructuring and the Whitewash Waiver.

An independent financial adviser will be appointed with the approval of the Independent Board Committees to advise the Independent Board Committees and the Independent Shareholders in respect of the terms of the Share Consolidation, the Subscription, the Open Offer, the Debt Restructuring and the Whitewash Waiver. An announcement will be made upon its appointment.

## **CONTINUED SUSPENSION OF TRADING OF THE SHARES**

Trading in the Shares on the Stock Exchange, which was suspended with effect from 9:00 a.m. on 1 August 2016, remains suspended and will continue to be so until further notice.

**The publication of this announcement does not indicate any decision or conclusion from the Stock Exchange nor warrant any approval from the Stock Exchange and the SFC on the resumption of trading in Shares. Shareholders and potential investors should note that the Capital Reorganisation, the Subscription, the Open Offer, the Debt Restructuring and the Whitewash Waiver are subject to various conditions which may or may not be fulfilled, and therefore may or may not materialise and proceed. The Company will keep the public informed of the latest development by making further announcements as and when appropriate.**

## **DEFINITIONS**

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

“acting in concert”	has the meaning ascribed to it under the Takeovers Code;
“Application Form(s)”	the form(s) of application to be issued to the Qualifying Shareholders to apply for the Offer Shares for their assured entitlement under the Open Offer;
“Board”	the board of Directors;

“Business Day”	a day (other than a Saturday or Sunday or public holiday and any other day on which a tropical cyclone warning no. 8 or above or a “black” rain warning signal is hoisted in Hong Kong) on which commercial banks are open for business in Hong Kong;
“Capital Reorganisation”	the proposed reorganisation of the share capital of the Company comprising the Share Consolidation and the Change in Board Lot Size;
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC;
“Change in Board Lot Size”	the change in board lot size from 10,000 Shares to 20,000 Consolidated Shares with effect from Resumption;
“Circular”	the circular in relation to, among others, the Capital Reorganisation, the Subscription, the Open Offer, the Debt Restructuring and the Whitewash Waiver to be despatched by the Company;
“Company”	National United Resources Holdings Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange;
“Completion”	completion of the Subscription, the Open Offer and the Debt Restructuring;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Consolidated Share(s)”	ordinary share(s) of the Company immediately after the Share Consolidation becoming effective;

“Creditor(s)”	the 13 creditors of the Company, who agreed to the Debt Restructuring and entered into the legally binding agreements with the Company;
“Creditors Shares”	207,274,309 Consolidated Shares to be allotted and issued to the 11 creditors (including Blissful Elite Limited) under the Debt Restructuring;
“Debt Restructuring”	the debt restructuring proposed by the Company under the Resumption Proposal;
“Director(s)”	director(s) of the Company;
“Excluded Shareholder(s)”	those Overseas Shareholders whom the Directors, after making relevant enquiry as required under the Listing Rules, consider their exclusion from the Open Offer to be necessary or expedient on account of either the legal restrictions under the law of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place;
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director;
“First Subscriber”	Thousand Joy Limited, a company incorporated in Hong Kong and the entire issued share capital of which is legally and beneficially owned by Mr. Ji;
“Gear World”	Gear World Development Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and an indirect wholly owned subsidiary of the Company;

“GM”	the general meeting of the Company to be held for the purpose of considering and, if thought fit, passing the resolutions to approve, among others, the Share Consolidation, the Subscription, the Open Offer, the Debt Restructuring and the Whitewash Waiver;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“HKSCC”	Hong Kong Securities Clearing Company Limited;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee A”	an independent board committee which comprises all the independent non-executive Directors, namely Mr. Li Wen, Mr. Qiu Ke and Ms. Chen Yen Yung, to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Share Consolidation, the Subscription, the Open Offer and the Debt Restructuring (in respect of the connected share issuance to Blissful Elite Limited);
“Independent Board Committee B”	an independent board committee which comprises all the non-executive Director and independent non-executive Directors, namely Mr. An Jingwen, Mr. Li Wen, Mr. Qiu Ke and Ms. Chen Yen Yung, to advise the Independent Shareholders as to the fairness and reasonableness of the terms of the Share Consolidation, the Subscription, the Open Offer, the Debt Restructuring and the Whitewash Waiver;
“Independent Board Committees”	Independent Board Committee A and Independent Board Committee B;



“Independent Shareholder(s)”	Shareholders other than the Subscribers, its associates and the parties acting in concert with any of them and other Shareholders who are interested or involved in the Subscription, the Debt Restructuring, the Whitewash Waiver, the Share Consolidation or the Open Offer (other than in their capacity as a Shareholder);
“Independent Third Party(ies)”	third party(ies) independent of the Company and its subsidiaries and not connected nor acting in concert with any of the connected persons of the Company or any of their respective associates;
“Internal Control Adviser”	Netis Advisory Limited, the internal control adviser engaged by the Company for fulfilling the Resumption Conditions on demonstrating that the Company has put in place adequate internal control systems;
“Last Trading Day”	29 July 2016, being the last trading day of the Shares immediately prior to the suspension of trading of the Shares;
“Latest Lodging Time”	the latest time for lodging transfer of Consolidated Shares in order to qualify for the Open Offer;
“Latest Time for Acceptance”	the latest time for acceptance of, and payment for, the Offer Shares under the Open Offer;
“Latest Time for Termination”	4:00 p.m. on the third (3rd) Business Day immediately after the Latest Time for Acceptance, being the latest time to terminate the Underwriting Agreement;
“Latest Time for Unsubscribed Shares Arrangement”	4:00 p.m. on the seventh (7th) Business Day after the Latest Time for Acceptance, being the latest time for the Placing Agent to determine the list of Placing Placees and to notify the Company and the Underwriter of the results of the Placing;

“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange;
“Listing Review Committee”	the listing review sub-committee of the board of directors of the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Guo”	Mr. Guo Peiyuan, an executive Director;
“Mr. Ji”	Mr. Ji Kaiping, the chairman of the Board and an executive Director;
“No Action Shareholder(s)”	Qualifying Shareholders who do not subscribe for the Offer Shares (whether partially or fully) in their assured entitlements or the Excluded Shareholders (as the case may be);
“Open Offer”	the proposed offer for subscription of the Offer Shares on the basis of one (1) Offer Share for every one (1) then existing Consolidated Share held on the Record Date at the Offer Price;
“Offer Price”	HK\$0.11 per Offer Share;
“Offer Share(s)”	641,177,050 new Consolidated Shares proposed to be allotted and issued under the Open Offer;
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date and whose registered address(es) on that date is/are in (a) place(s) outside Hong Kong;

“Placing”	the placing of the Unsubscribed Shares on and subject to the terms and conditions set out in the Placing Agreement;
“Placing Agent”	Emperor Securities Limited, the placing agent and a licensed corporation to carry out business in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO, engaged by the Company for the purpose of the Unsubscribed Shares Arrangement;
“Placing Agreement”	the placing agreement dated 24 June 2021 entered into between the Company and the Placing Agent in respect of the Unsubscribed Shares Arrangement;
“Placing Period”	a period commencing from the third (3rd) Business Day immediately after the Latest Time for Acceptance and ending on the Latest Time for Unsubscribed Shares Arrangement (both days inclusive);
“Placing Placee(s)”	the placees to be procured by the Placing Agent to subscribe for the Unsubscribed Shares under the Unsubscribed Shares Arrangement;
“Placing Price”	the placing price of the Unsubscribed Shares shall be at least equal to the Offer Price and the Subscription Price and the final price determination will be depended on the demand for and the market conditions of the Unsubscribed Shares during the process of placement;
“Posting Date”	the date of despatch of the Prospectus Documents to the Qualifying Shareholders or as applicable, the Prospectus to the Excluded Shareholders for information only;
“PRC”	the People’s Republic of China, and for the purpose of this announcement excluding Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan;

“Prospectus”	the prospectus to be issued by the Company in relation to the Open Offer;
“Prospectus Documents”	the Prospectus and the Application Form to be used by the Qualifying Shareholders to apply for the Offer Shares;
“Qualifying Shareholder(s)”	Shareholders other than the Excluded Shareholders, whose names appear in the register of members of the Company at the close of business on the Record Date;
“Record Date”	such date as the Company and the Underwriter may agree in writing as the date by reference to which entitlements to the Open Offer are to be determined;
“Restructuring”	the restructuring of the Company which includes the Capital Reorganisation, the Subscription, the Debt Restructuring and the Open Offer;
“Resumption”	the resumption of trading in the Consolidated Shares on the Stock Exchange;
“Resumption Condition(s)”	the conditions set out by the Stock Exchange for the Company to resume the trading of its Shares;
“Resumption Proposal”	the resumption proposal dated 19 June 2019 and the supplemental proposal dated 30 July 2019 submitted by the Company to the Stock Exchange for the Resumption;
“Revised Subscription Agreement”	the Subscription Agreement as amended and restated by a deed of adherence and amendment dated 24 February 2021 and a second deed of amendment dated 24 June 2021 entered into among the Company, Mr. Ji, the First Subscriber, Mr. Guo and the Second Subscriber and as amended from time to time;

“RMB”	Renminbi, the lawful currency of the PRC;
“Second Subscriber”	Hontin Ocean Resources Limited, a company incorporated in Hong Kong and the entire issued share capital of which is legally and beneficially owned by Mr. Guo;
“SFC”	The Securities and Futures Commission of Hong Kong;
“SFO”	Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong);
“Share(s)”	ordinary share(s) in the share capital of the Company;
“Share Consolidation”	the proposed consolidation of every ten (10) issued existing Shares into one (1) Consolidated Share;
“Shareholder(s)”	holder(s) of the Share(s) or Consolidated Share(s) (as the case may be);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscribers”	the First Subscriber and the Second Subscriber;
“Subscription”	the proposed subscription for the Subscription Shares by the Subscribers pursuant to the Revised Subscription Agreement;
“Subscription Agreement”	the subscription agreement dated 30 July 2019 (as supplemented by a supplemental agreement dated 29 September 2020) entered into between the Company, Mr. Ji and Mr. Guo in relation to the Subscription;
“Subscription Price”	HK\$0.11 per Subscription Share;
“Subscription Share(s)”	1,588,000,000 new Consolidated Shares in aggregate to be subscribed by the Subscribers pursuant to the Revised Subscription Agreement;

“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers;
“TMTC Group”	TMTC Rental and TMTC Travel;
“TMTC Rental”	北京天馬通馳汽車租賃有限公司 (Beijing Tian Ma Tong Chi Car Rental Co., Ltd*), a company established in the PRC on 3 July 2006 and an indirect wholly-owned subsidiary of the Company;
“TMTC Travel”	北京天馬通馳旅遊客運有限公司 (Beijing Tian Ma Tong Chi Travel Transportation Co., Ltd*), a company incorporated in the PRC on 24 April 1990 and owned as to 49% by TMTC Rental;
“Underwriter”	Emperor Securities Limited, the underwriter and a licensed corporation to carry out business in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO, engaged by the Company for underwriting the Offer Shares which have not been taken up by the Qualifying Shareholders under the Open Offer and placed out by the Placing Agent under the Unsubscribed Shares Arrangement;
“Underwriting Agreement”	the underwriting agreement dated 24 June 2021 entered into between the Company and the Underwriter in relation to the Open Offer;
“Underwritten Shares”	the total number of Offer Shares which Shareholders are entitled pursuant to the Open Offer in accordance with the Underwriting Agreement;
“Unsubscribed Shares”	the Offer Shares (if any) which have not been subscribed by the Qualifying Shareholders (whether partially or fully) in their assured entitlements and Offer Shares which would otherwise have been allotted to the Excluded Shareholders;

“Unsubscribed Shares Arrangement”	the placement of Unsubscribed Shares by the Placing Agent to the Placing Places pursuant to the terms of the Placing Agreement;
“Untaken Shares”	those Unsubscribed Shares which have not been successfully placed out by the Placing Agent under the Unsubscribed Shares Arrangement;
“Whitewash Waiver”	a waiver to be granted by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the obligations of the Subscribers to make a mandatory general offer for all of the Consolidated Shares not already owned or agreed to be acquired by the Subscribers or parties acting in concert with any of them as a result of the allotment and issue of the Subscription Shares, the Offer Shares and the Creditors Shares; and
“%”	per cent.

By Order of the Board  
**National United Resources Holdings Limited**  
**Ji Kaiping**  
*Chairman*

Hong Kong, 24 June 2021

*As at the date of this announcement, the executive Directors are Mr. Ji Kaiping (Chairman) and Mr. Guo Peiyuan, the non-executive Director is Mr. An Jingwen, and the independent non-executive Directors are Mr. Li Wen, Mr. Qiu Ke and Ms. Chen Yen Yung.*

*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, their 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.*

*For the purpose of this announcement, the exchange rate of RMB1.00 = HK\$1.135 has been used for currency conversion.*

\* *For identification purpose*