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**高富集團控股有限公司**  
**GT GROUP HOLDINGS LIMITED**  
*(Incorporated in Hong Kong with limited liability)*  
(Stock Code: 263)

**PROPOSED SHARE CONSOLIDATION;  
AND  
PROPOSED RIGHTS ISSUE ON THE BASIS OF FOUR (4) RIGHTS SHARES  
FOR EVERY ONE (1) CONSOLIDATED SHARE HELD ON RECORD DATE**

**Underwriter to the Rights Issue**



**PROPOSED SHARE CONSOLIDATION**

The Board intends to put forward a proposal to the Shareholders to effect the Share Consolidation which involves the consolidation of every ten (10) issued Shares into one (1) Consolidated Share. The Share Consolidation is conditional upon, among other things, the approval by the Shareholders by way of poll at the EGM. As none of the Shareholders or their associates would have any interest in the Share Consolidation, no Shareholder would be required to abstain from voting in favour of the resolution(s) relating to the Share Consolidation at the EGM.

**Shareholders or potential investors should note that (i) significant number of odd lots will be created after the Share Consolidation; (ii) odd lots arrangements do not guarantee successful matching of all odd lots at the relevant market price; and (iii) odd lots might be sold below the market price in the market.**

## **PROPOSED RIGHTS ISSUE**

Conditional upon the Share Consolidation becoming effective, the Board proposes to raise gross proceeds of approximately HK\$314.03 million (before expenses) on the basis of four (4) Rights Shares for every one (1) Consolidated Share held on the Record Date by issuing 560,766,708 Rights Shares (assuming no further issue or repurchase of Shares or Consolidated Shares on or before the Record Date) at the Subscription Price of HK\$0.56 per Rights Share. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to Non-Qualifying Shareholders.

The estimated net proceeds from the Rights Issue will be approximately HK\$302.76 million. Details of the use of proceeds are set out in the section headed “REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS” in this announcement.

## **UNDERWRITING AGREEMENT**

On 15 January 2019 (after trading hours), the Underwriter and the Company entered into the Underwriting Agreement, pursuant to which the Underwriter has conditionally agreed to fully underwrite 560,766,708 Rights Shares (assuming no further issue or repurchase of Shares or Consolidated Shares on or before the Record Date) subject to the terms and conditions set out in the Underwriting Agreement, in particular the fulfillment of the conditions precedent contained therein. The Company will pay the Underwriter an underwriting commission of 3.0% of the aggregate Subscription Price in respect of the Underwritten Shares. Details of the major terms and conditions of the Underwriting Agreement are set out in the section headed “THE UNDERWRITING AGREEMENT” in this announcement.

## **LISTING RULES IMPLICATIONS**

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

As at the date of this announcement, the Company has no controlling Shareholder, and none of the Directors (excluding the independent non-executive Directors), the chief executive of the Company or their respective associates hold any Shares in the Company. As at the date of this announcement, Dr. Wong Yun Kuen, an independent non-executive Director of the Company, holds 1,800 Shares of the Company. The Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Rights Issue in accordance with Rule 7.27(A)(1) of the Listing Rules.

As at the date of this announcement, the Underwriter and its associates hold 4,620,000 Shares, representing approximately 0.33% of the total issued share capital of the Company. Accordingly, the Underwriter and its associates are required to abstain from voting at the EGM in favour of the Rights Issue.

As at the date of this announcement, Creditor A and its associates hold 36,000,000 Shares, which represents approximately 2.57% of total issued share capital of the Company. Creditor A has material interest in the Rights Issue. Accordingly, Creditor A and its associates are required to abstain from voting at the EGM in favour of the Rights Issue.

The Prospectus Documents or the Prospectus, whichever being appropriate, will be despatched to the Qualifying Shareholders and, for information only, the Non-Qualifying Shareholders in due course.

## **GENERAL**

The EGM will be convened for the Shareholders to consider and, if thought fit, approve the Share Consolidation, the Rights Issue (including the Underwriting Agreement) and the transactions contemplated thereunder. A circular containing, among other things, (i) further details of the Share Consolidation; (ii) further details of the Rights Issue; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iv) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue; and (v) a notice convening the EGM, is expected to be despatched to the Shareholders on or before Thursday, 7 March 2019.

Subject to the approval of the Share Consolidation and the Rights Issue by the Independent Shareholders at the EGM and upon the Share Consolidation becoming effective, the Prospectus containing further information regarding, among other things, the Rights Issue, including information on acceptances of the Rights Shares and other information in respect of the Group, and PAL(s) and EAF(s) are expected to be despatched to the Qualifying Shareholders on or before Thursday, 11 April 2019. The Company will, to the extent reasonably practicable and legally permitted and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, send the Prospectus to the Non-Qualifying Shareholders for their information only.

## **WARNING OF THE RISKS OF DEALING IN THE SHARES, THE CONSOLIDATED SHARES AND RIGHTS SHARES**

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

**Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares, the Consolidated Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.**

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares or the Consolidated Shares.**

## **PROPOSED SHARE CONSOLIDATION**

The Board intends to put forward a proposal to the Shareholders to effect the Share Consolidation which involves the consolidation of every ten (10) issued Shares into one (1) Consolidated Share. The Share Consolidation is conditional upon, among other things, the approval by the Shareholders by way of poll at the EGM. As none of the Shareholders or their associates would have any interest in the Share Consolidation, no Shareholder would be required to abstain from voting in favour of the resolution(s) relating to the Share Consolidation at the EGM.

### **Effects of the Share Consolidation**

As at the date of this announcement, 1,401,916,770 Shares have been issued and there are no outstanding Share Options. Assuming that no further Shares are issued or repurchased between the date of this announcement and the date of the EGM, immediately after the Share Consolidation, 140,191,677 Consolidated Shares will be in issue.

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

Other than the expenses to be incurred, the implementation of the Share Consolidation will not alter the underlying assets, business operations, management or financial position of the Company or the interests or rights of the Shareholders.

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

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Share Consolidation, a designated broker has been appointed to match the purchase and sale of odd lots of the Consolidated Shares at the relevant market price per Consolidated Share for the period from 9:00 a.m. on Monday, 15 April 2019 to 4:00 p.m. on Wednesday, 8 May 2019 (both days inclusive). Holders of odd lots of the Consolidated Shares 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 arrangement, is recommended to consult his/her/its own professional advisers. Details of the matching service will be provided in the circular to be despatched to the Shareholders.

### **Conditions of the Share Consolidation**

The Share Consolidation is conditional upon the following:

- (i) the passing of the necessary resolution(s) by the Shareholders to approve the Share Consolidation at the EGM to be convened by the Company; and
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares arising from the Share Consolidation.

Assuming the above conditions are fulfilled, it is expected that the Share Consolidation will become effective on the business day next following the date that the relevant resolution(s) approving the Share Consolidation are passed.

The board lot size of 4,000 Consolidated Shares will remain unchanged after the Share Consolidation becomes effective.

### **Listing and Dealings**

Application will be made to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Consolidated Shares arising from the Share Consolidation.

### **Exchange of share certificates**

Subject to the Share Consolidation having become effective, Shareholders may during the specified period submit share certificates for Shares to the Company's share registrar in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, in exchange, at the expense of the Company, for new share certificates for the Consolidated Shares. Thereafter, certificates for Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) for each share certificate for Shares cancelled or each new share certificate issued for Consolidated Shares, whichever number of certificates cancelled/issued is higher. Nevertheless, certificates for Shares will continue to be good evidence of legal title and may be exchanged for certificates for Consolidated Shares at any time.

The new share certificates for the Consolidated Shares will be issued in green colour in order to distinguish them from the existing yellow colour.

### **Reasons for the Share Consolidation**

For the past three years, the share price of the Company has been constantly below HK\$1. Under Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities.

Pursuant to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 25 July 2016 (the “Guideline”), the expected board lot value should be greater than HK\$2,000 per board lot taking into account the minimum transaction costs for a securities trade. As at the date of this announcement, the closing price of each Share is HK\$0.077, with a board lot size of 4,000 Shares, the Company is trading under HK\$2,000 per board lot. For the purpose of reducing transaction and registration costs incurred by the Shareholders and investors of the Company, the Board proposes the Share Consolidation. It is expected that the Share Consolidation would bring about a corresponding upward adjustment in the trading price per board lot of the Consolidated Shares on the Stock Exchange, which will reduce the overall transaction and handling costs of dealings in the Shares and may attract more investors and extend the shareholders base of the Company.

The Company has been trading at a price-to-book (PB) of around 0.2 time recently (based on the closing prices from HK\$0.063 per Share to HK\$0.081 per Share as as quoted on the Stock Exchange from 17 December 2018 to 15 January 2019; and the consolidated net asset value of the Group per Share of HK\$0.38 as at 30 June 2018). The Directors believes that the Company is extremely undervalued and that the adjusted share price of the Consolidated Shares may attract more institutional investors who generally avoid to invest in securities trading in less than HK\$0.1. The Directors believe the Share Consolidation will provide greater opportunity for and more flexibility in the Company’s possible equity fund raising in the future.

Therefore, the Board believes the Share Consolidation is in the interests of the Company and the Shareholders as a whole.

**Shareholders or potential investors should note that (i) significant number of odd lots will be created after the Share Consolidation; (ii) odd lots arrangements do not guarantee successful matching of all odd lots at the relevant market price; and (iii) odd lots might be sold below the market price in the market.**

## **PROPOSED RIGHTS ISSUE**

Conditional upon the Share Consolidation becoming effective, the Board proposes to raise gross proceeds of approximately HK\$314.03 million (before expenses) on the basis of four (4) Rights Shares for every one (1) Consolidated Share held on the Record Date by issuing 560,766,708 Rights Shares (assuming no further issue or repurchase of Shares or Consolidated Shares on or before the Record Date) at the Subscription Price of HK\$0.56 per Rights Share. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to Non-Qualifying Shareholders.

The estimated net proceeds from the Rights Issue will be approximately HK\$302.76 million. Details of the use of proceeds are set out in the section headed “REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS” in this announcement.



On 15 January 2019 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter in respect of the Rights Issue. Further details of the Rights Issue are set out below:

### **Issue statistics**

Basis of the Rights Issue	: four (4) Rights Shares for every one (1) Consolidated Share held on the Record Date
Subscription Price	: HK\$0.56 per Rights Share
Number of Shares in issue as at the date of this announcement	: 1,401,916,770 Shares
Number of Consolidated Shares in issue upon the Share Consolidation becoming effective	: 140,191,677 Consolidated Shares (assuming no further issue or repurchase of Shares up to the effective date of the Share Consolidation)
Number of Rights Shares	: 560,766,708 Rights Shares (assuming no further issue or repurchase of Shares on or before the Record Date)
Number of Consolidated Shares in issue upon completion of the Rights Issue	: 700,958,385 Consolidated Shares (assuming no further issue or repurchase of Shares or Consolidated Shares on or before the Record Date)
Amount to be raised before expenses	: HK\$314,029,356.48
Right of excess applications	: Qualifying Shareholders may apply for the Rights Shares in excess of their provisional allotment

As at the date of this announcement, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

Based on the existing issued share capital of the Company and assuming the Share Consolidation becomes effective and no further Shares or Consolidated Shares will be issued or repurchased by the Company on or before the Record Date, a total of 560,766,708 Rights Shares to be allotted and issued pursuant to the Rights Issue represent (i) 400% of the existing issued share capital of the Company; and (ii) 80% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares immediately after completion of the Rights Issue.

## **The Subscription Price**

The Subscription Price of HK\$0.56 per Rights Share will be payable in full when a Qualifying Shareholder accepts the relevant provisional allotments of the Rights Shares and, where applicable, applies for excess Rights Shares or when a renouncee of any provisional allotment of Rights Shares or a transferee of nil-paid Rights Shares applies for the relevant Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 27.27% to the adjusted closing price of HK\$0.77 per Consolidated Share, based on the closing price of HK\$0.077 per Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (ii) a discount of approximately 6.98% to the theoretical ex-rights price of approximately HK\$0.602 per Consolidated Share based on the closing price of HK\$0.077 per Share as quoted on Stock Exchange on the Last Trading Day and adjusted for the effect of the Share Consolidation;
- (iii) a discount of approximately 85.42% to the adjusted consolidated net asset value per Consolidated Share of approximately HK\$3.84 (based on the consolidated net asset value of the Company as at 30 June 2018 of approximately HK\$538,861,000 and the number of issued Consolidated Shares after the Share Consolidation, which is 140,191,677); and
- (iv) a discount of approximately 21.13% to the adjusted average closing price of approximately HK\$0.71 per Consolidated Share, based on the average closing price of HK\$0.071 per Share as quoted on the Stock Exchange for the 5 consecutive trading days prior to and excluding the Last Trading Day and adjusted for the effect of the Share Consolidation.

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriter with reference to the market price of the Shares under the prevailing market conditions. The Board considers the terms of the Rights Issue, including the Subscription Price which has been set at a reasonable discount to the recent closing price of the Shares with an objective of encouraging Shareholders to take up their entitlements so as to participate in the potential growth of the Company in the future, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole. The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the relevant provisional allotment of Rights Shares will be approximately HK\$0.54.

## **Qualifying Shareholders**

The Rights Issue will only be available to the Qualifying Shareholders. The Company will send Prospectus Documents to the Qualifying Shareholders and the Prospectus, for information purposes only, to the Non-Qualifying Shareholders.



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

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will consider nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company and are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date.

In order to be registered as members of the Company at the close of business on the Record Date, any relevant transfer documents (together with the relevant share certificates) must be lodged with the Company's registrar in Hong Kong, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, 2 April 2019.

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

The register of members of the Company will be closed from Wednesday, 3 April 2019 to Wednesday, 10 April 2019 (both dates inclusive) for determining the entitlements to the Rights Issue. No transfer of Consolidated Shares will be registered during this period.

### **Basis of provisional allotments**

The basis of the provisional allotment shall be four (4) Rights Shares (in nil-paid form) for every one (1) Consolidated Share held by the Qualifying Shareholders as at the close of business on the Record Date.

Qualifying Shareholders shall apply for all or any part of their respective provisional allotment by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

### **Rights of Overseas Shareholders**

Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. The Company will comply with Rule 13.36(2)(a) of Listing Rules and make enquiries regarding the feasibility of extending the offer of the Rights Shares to the Overseas Shareholders, if any. If, based on the legal opinions to be provided by the legal advisers to the Company, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the place(s) of their registered address(es) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in such place(s), the Rights Issue will not be extended to such Overseas Shareholders. Based on the latest Shareholders information available from the Company's share registrar in Hong Kong, Tricor Secretaries Limited, the Company had 8 Overseas Shareholders as at 15 January 2019.

The Company will send the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send any PAL and EAF to them.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders, to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and before dealings in the nil-paid Rights Shares end, if a premium (net of expenses) can be obtained. The proceeds from such sale, less expenses, of more than HK\$100 will be paid on pro-rata basis to the relevant Non-Qualifying Shareholders. In view of administrative costs, the Company will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlement of Non-Qualifying Shareholders to the Rights Shares and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders will be made available for excess applications by Qualifying Shareholders under EAF(s).

### **Status of Rights Shares**

The Rights Shares will, when issued and fully paid, rank pari passu in all respects with the Consolidated Shares then in issue including the right to receive future dividends and distributions which may be declared, made or paid after the completion of the Rights Issue.

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

Subject to the fulfilment of the conditions of the Rights Issue, share certificates for all fully paid Rights Shares are expected to be posted on Thursday, 9 May 2019 by ordinary post to the allottees, at their own risk, to their registered addresses. Refund cheques in respect of wholly or partially unsuccessful applications for the excess Rights Shares (if any) are expected to be posted on Thursday, 9 May 2019 by ordinary post to the applicants, at their own risk, to their registered addresses. Each Shareholder will receive one Share certificate for all allotted Rights Shares.

### **Application for excess Rights Shares**

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

Application for excess Rights Shares can be made only by duly completing and signing an EAF (in accordance with the instructions printed therein) and lodging the same with a separate cheque or banker's cashier order for the sum payable for the excess Rights Shares being applied for with the share registrar and transfer office of the Company at Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:00 p.m. on Monday, 29 April 2019.

The Directors will allocate the excess Rights Shares (if any) at their discretion on a fair and equitable basis. No preference will be given to topping up odd lots to whole board lots. The Board will allocate the excess Rights Shares to the Qualifying Shareholders who have applied for excess application at its discretion, but on a pro-rata basis in proportion to the number of excess Rights Shares being applied for under each application. In determining the number of excess Rights Shares to be allocated to a Qualifying Shareholder, no reference will be made to the number of Rights Shares subscribed by that Qualifying Shareholder through applications by PAL or the existing number of Shares held by such Qualifying Shareholder.

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

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

For investors whose Shares are held by a nominee (or CCASS) and would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the share registrar and transfer office of the Company at Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 2 April 2019.

### **Fractions of Rights Shares**

On the basis of four (4) Rights Shares for every one (1) Consolidated Share held on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

### **Arrangement on odd lot trading**

In order to facilitate the trading of odd lots of Rights Shares arising from the Rights Issue, the Company will arrange odd lot matching services for the sale and purchase of odd lots of Rights Shares at the relevant market price per Rights Share, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Rights Shares to make up a full board lot, or to dispose of their holding of odd lots of the Rights Shares. Further details in respect of the odd lots arrangement will be set out in Prospectus.

### **Application for listing**

The Company will apply to the Listing Committee of Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue.

Subject to the granting of the approval for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on Stock Exchange, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings on Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms, which are registered in the register of members of the Company, will be subject to the payment of (i) stamp duty, (ii) Stock Exchange trading fee, (iii) transaction levy and (iv) any other applicable fees and charges in Hong Kong.

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

## **THE UNDERWRITING ARRANGEMENT**

On 15 January 2019 (after trading hours), the Underwriter and the Company entered into the Underwriting Agreement, pursuant to which, the Underwriter has conditionally agreed to fully underwrite 560,766,708 Rights Shares (assuming no further issue or repurchase of Shares or Consolidated Shares on or before the Record Date).

Date	: 15 January 2019
Issuer	: The Company
Underwriter	: Win Wind Securities Limited
Number of Rights Shares to be underwritten	: 560,766,708 Rights Shares (assuming no further issue or repurchase of Shares or Consolidated Shares on or before the Record Date)
Underwriting commission	: 3.0% of the aggregate Subscription Price in respect of the Underwritten Shares

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Underwriter and its associates hold 4,620,000 Shares, representing approximately 0.33% of the total issued share capital of the Company. Save as disclosed, the Underwriter and its ultimate beneficial owners are independent third parties and not connected with the Company and its connected persons as defined under the Listing Rules. The Underwriter is a licensed corporation to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO.

The terms of the Underwriting Agreement (including the underwriting commission) were determined after arm's length negotiation between the Company and the Underwriter with reference to the existing financial position of the Group, the size of the Rights Issue, and the current and expected market condition.

Having considered (i) the underwriting commission offered by the Underwriter is comparable to that offered by other financial institutions; and (ii) the experience and financial resources of the Underwriter for underwriting of such securities, the Directors (excluding the independent non-executive Directors who will form their views after considering the advice of the independent financial adviser) consider the entering into of the Underwriting Agreement with the Underwriter and the terms of the Underwriting Agreement (including the underwriting commission) to be fair and reasonable and in the interest of the Company and the Shareholders as a whole.

## **Undertaking given by the Company**

Pursuant to the ordinary resolutions passed by the Shareholders at the AGM, the Directors were granted the General Mandate to allot and issue up to 280,383,354 Shares, representing 20% of the total number of issued Shares as at the date of the AGM. The Company has undertaken in the Underwriting Agreement that the Company shall not issue new Shares under the General Mandate and shall not grant new Share Options under the Share Option Scheme from the date of the Underwriting Agreement up to and including the Record Date (both days inclusive).

## **Termination of the Underwriting Agreement**

If at any time between the date of the Underwriting Agreement and the Latest Termination Date, one or more of the following events or matters (whether or not forming part of a series of events) shall occur, arise or exist:

- (a) The Underwriter shall become aware of the fact that, or shall have reasonable cause to believe that, (i) any of the representations or warranties contained in the Underwriting Agreement is untrue, inaccurate, misleading or breached; or (ii) any event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Termination Date which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the representations or warranties contained thereunder untrue, inaccurate, misleading or breached, and in each case the same is (in the reasonable opinion of the Underwriter) material in the context of the Rights Issue; or
- (b)
  - (i) any new law or regulation is enacted, or there is any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong, or elsewhere;
  - (ii) any change in local, national or international financial, political, industrial or economic conditions;
  - (iii) any change of an exceptional nature in local, national or international equity securities or currency markets;
  - (iv) any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict;
  - (v) any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange; or
  - (vi) any change or development involving a prospective change in taxation or exchange controls in Hong Kong, or elsewhere,

which event or events is or are in the reasonable opinion of the Underwriter:

- (1) likely to have a material adverse effect on the business, financial position or prospects of the Group taken as a whole; or

- (2) likely to have a material adverse effect on the success of the Rights Issue or the level of Rights Shares taken up; or
- (3) so material as to make it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue,

then and in such case, the Underwriter may, in addition to and without prejudice to any other remedies to which the Underwriter may be entitled, by notice in writing to the Company terminate the Underwriting Agreement forthwith, in which case all obligations of the Underwriter under the Underwriting Agreement shall cease and determine (save for any antecedent breaches thereof) and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement save for any antecedent breach.

### **Conditions of the Rights Issue and Underwriting Agreement**

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

- (i) the passing of necessary resolution(s) at the EGM to approve the Rights Issue by the Independent Shareholders;
- (ii) the Share Consolidation becoming effective;
- (iii) the delivery to the Stock Exchange and filing and registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents each duly certified by the Directors (or by their agents duly authorised in writing) on or before the posting date in compliance with the Companies (WUMP) Ordinance (and all other documents required to be attached thereto) and otherwise complying with the requirements of the Companies (WUMP) Ordinance and the Listing Rules;
- (iv) the posting of copies of the Prospectus Documents to the Qualifying Shareholders;
- (v) the Listing Committee of the Stock Exchange agreeing to grant the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms either unconditionally or subject to such conditions which the Underwriter, in its reasonable opinion, accepts and the subsequent satisfaction of such conditions (if any); and
- (vi) the Underwriter having not terminated the Underwriting Agreement.

In the event that the conditions mentioned above have not been satisfied on or before the Long Stop Date, all obligations and liabilities of the parties under the Underwriting Agreement shall cease and determine and no party shall have any claim against the other party save for any antecedent breach of the Underwriting Agreement. All reasonable costs, fees and other out-of-pocket expenses as have been properly incurred by the Underwriter in connection with the underwriting of the Underwritten Shares by the Underwriter shall be borne by the Company.



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

The Company is an investment holding company. The Group principally engages in the trading of goods, financing, property development and brokerage and securities investment businesses.

### **Past financial performance/position of the Group**

Although the Group had been in a state of loss-making in the recent years, its financial performance has been improving gradually: the loss for the six months ended 30 June 2018 narrowed to approximately HK\$333.58 million as compared with the loss of approximately HK\$581.94 million for the corresponding period in 2017, representing a decrease in loss of approximately 42.68%; the loss for the year ended 31 December 2017 narrowed to approximately HK\$566.83 million as compared with the loss of approximately HK\$993.11 million for the year ended 31 December 2016, representing a decrease in loss of approximately 42.92%.

However, the Group's net asset value suffered a drop of approximately HK\$544.23 million from 31 December 2016 to 31 December 2017 and a further drop of approximately HK\$338.56 million during the first half of 2018. As at 30 June 2018, the Group had loans payable of approximately HK\$966,714,000 in total (as at 31 December 2017: approximately HK\$916,714,000) with the interest rate ranging from 8% to 17.13% per annum. The Directors consider that it is necessary to conduct the Rights Issue to improve the financial position of the Group.

### **Use of Proceeds**

The estimated gross proceeds from the Rights Issue will be approximately HK\$314.03 million (assuming no further issue or repurchase of Shares or Consolidated Shares on or before the Record Date). The estimated net proceeds from the Rights Issue after expenses and fees, will be approximately HK\$302.76 million and are intended to be used in the following manners:

- (i) approximately HK\$219.52 million towards partial settlement of the Group's existing debts so as to reduce the burdensome interest expenses; and
- (ii) the remaining amount towards general working capital of the Group.

## Repayment of loans

The Directors intend to apply approximately HK\$219.52 million towards repayment of the outstanding principal and interest of the debts as below:

Creditors	Nature of the debts	Principal amount	Maturity Date	Interest Rate (p.a.)	Accrued interest as at the date of this announcement	Outstanding amount
A( Note 2)	Promissory note	HK\$196,000,000	15 November 2021	8.00%	HK\$2,620,493.15	HK\$198,620,493.15
B	Loans payable	HK\$18,000,000	13 September 2018	12.00%	HK\$2,899,726.03	HK\$20,899,726.03
	<b>Total</b>	<b>HK\$214,000,000</b>			<b>HK\$5,520,219.18</b>	<b>HK\$219,520,219.18</b>

Notes:

- (1) Save as disclose in Note 2 below, all the creditors are independent third parties.
- (2) As disclosed in the announcement and circular of the Company dated 1 September 2017 and 22 June 2018 respectively, Art Ring Limited, a wholly-owned subsidiary of the Company acquired 49% of issued share capital of Multi-Fame Group Limited for the consideration of HK\$196,000,000 (the “Acquisition”), which was settled by the issuance of the Promissory Note by the Company to the Mega Ample Capital Limited (“Mega Ample”).

In mid-December 2018, Mega Ample transferred its entire interest in the Promissory Note to Creditor A, namely, Great Panorama International Limited as the consideration to subscribe new shares of Creditor A. Mega Ample subscribed approximately 15.25% of the total issued share capital in Creditor A as at present. As at the date of this announcement, Creditor A and its associates hold 36,000,000 Shares, which represents approximately 2.57% of total issued share capital of the Company.

Creditor A indicated that it would like to receive early repayment on the Promissory Note from the Company in order to satisfy its financial needs. Save and except the aforesaid, there is no more arrangement with Creditor A or Mega Ample under the agreement in respect of the Acquisition and the proposed early repayment on the Promissory Note.

The maturity date of the loan owed to Creditor B has expired and the Company has been negotiating with it for renewal of the loan. Creditor B, however, indicated to the Company it would not allow a long extension of the repayment date to the Company.

The Directors are aware that the Group has outstanding loans bearing same or higher interest rate as compared to the Promissory Note. However, the other lenders (excluding Creditor A and Creditor B) have less imminent financial needs and are willing to continue a long-term business relationship with the Group. In addition, the Company has cultivated amicable business relationships with the other lenders who will refer investment opportunities and provide additional financing from time to time.

The identity of the other lenders and detailed terms of loans are set out in the table as below:

<b>Creditors</b>	<b>C</b>	<b>D</b>	<b>E</b>
Principal amount	USD35,000,000	USD50,000,000	USD40,000,000
Maturity date	20-Nov-2021	18-Mar-2019	21-Sep-2019
Proposed extended maturity	N.A.	Pending	21-Sep-2020
Interest rate	6.8% p.a.	17.13% p.a.	8% p.a.
Loan Period	3 years	3 years	2 years
Agreement date	18-Oct-2018	16-Mar-2016	21-Sep-2017

Creditor D and Creditor E verbally indicated their willingness to extend the maturity of loans to the Company.

Since mid- December 2018, the Group is in the process of negotiating with Creditor D and Creditor E to explore the possibility for loans with (i) larger size; (ii) extended maturity; and (iii) lower interest rates. Given the existing financial position of the Group, save that Creditor D and Creditor E indicated their willingness to extend the maturity of their respective loans to the Company, they were reluctant to amend the existing loan terms with larger size and/or lower interest rate. As at the date of this announcement, Creditor E indicated that they were willing to extend the loan for 1 year while Creditor D did not indicate how long the loan could be extended. Save as disclosed above, there are no detailed terms agreed/resolution between the Company and Creditor D as well as Creditor E; and the Company has not entered into any definitive formal agreement with any of Creditor D and Creditor E in this regard.

As the Promissory Note is interest-bearing and forms part of the Group's total liabilities, the Company's interest expenses and liabilities will be reduced by early repayment of the Promissory Note through the application of the proceeds from the Rights Issue. Therefore, when Creditor A expressed its financial needs, the Directors consider it is reasonable and justifiable to exercise the Company's sole discretion to redeem the Promissory Note in full prior to the original maturity date.

The Directors believe that with more financial resources from the Rights Issue and reduction of the Group's outstanding liabilities, the Group will have stronger bargaining power to negotiate for loans with better terms in the future. Therefore, the Directors are confident of the proposed extension of maturity of the other loans and prioritize the repayment of the Promissory Note.

### **General working capital**

Compared with other types of assets, working capital provides necessary liquidity guarantees for the Company to maintain daily operations such as covering rental, utilities, salaries and remuneration, and other legal and professional expenses, etc. It is crucial for the Company to have the ability and flexibility to respond to the changing market conditions in a timely manner and to have readily available cash resources at reasonable cost as assessed by the Directors from time to time. Therefore, the Directors consider it is necessary to apply certain proceeds from the Rights Issue towards general working capital.

## **Benefits of the Rights Issue**

With reference to the above, the Board considers that the Rights Issue represents an opportunity for the Company to strengthen its financial position after having considered that:

- (i) the Rights Issue offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and enables the Qualifying Shareholders to maintain their proportionate interests in the Company and continue to participate in the future development of the Company should they wish to do so;
- (ii) the discount of the Subscription Price to the prevailing market price in order to enhance the attractiveness of the Rights Issue and it is the Company's objective to encourage the participation of Qualifying Shareholders in the Rights Issue;
- (iii) after considering other alternative fund-raising methods, it is prudent to finance the Group's long-term growth by long-term financing, preferably in the form of equity which will not increase the Group's finance costs. In addition, the Board believes that the Rights Issue will enable the Group to strengthen its capital base and enhance its financial position for future strategic investments as and when such opportunities arise;
- (iv) the Rights Issue will be subject to the scrutiny of the independent financial adviser and the Independent Board Committee so as to facilitate the Independent Shareholders to make an informed decision as to whether to vote in favor of the Rights Issue on the terms proposed;
- (v) the Shareholders' interests are safeguarded as the Rights Issue will be subject to the approval by the Independent Shareholders at the EGM;
- (vi) the Rights Issue allows the Shareholders to have more flexibility in dealing in the Consolidated Shares and the nil paid rights attaching thereto; and
- (vii) the Rights Issue enables the Company to raise the necessary funds with more certainty as it is fully underwritten by the Underwriter.

The Company also took into consideration the market precedents of the rights issue conducted by listed companies in Hong Kong. During the period from 20 October 2017 to the date of this announcement, seven companies announced and finished rights issue with an equity dilution effect of 50% or more. The commission rate ranged from 0 to 3.0% and the discount of the subscription price to the closing price on the last trading day ranged from 7.22% to 87.91%. Accordingly, the Company considers that the terms of the Rights Issue, including the Subscription Price which has been set at a reasonable discount to the recent closing prices of the Shares, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

## **Other fund-raising alternatives considered by the Company**

In order to reduce the level of indebtedness and improve the financial position, save for the Rights Issue, the Group has considered other fund-raising alternatives including but not limited to debt financing from banks and equity financing such as placing of new Shares and open offer.

Having considered the tight schedule of the construction and the lengthy due diligence for bank financing, the Directors considered the debt-financing may not be appropriate.

Among different equity fund raising methods, the Directors have focused on evaluating the possibilities of carrying out fund raising through rights issue and open offer as they are relatively larger in scale as compared to placing of new shares under General Mandate and the proceeds from placing under General Mandate could barely meet the repayment needs. Moreover, unlike a rights issue or open offer which offers an opportunity for the Qualifying Shareholders to participate in the enlargement of the capital base of the Company, a placing of new Shares to third party placees will result in immediate dilution to the percentage shareholding of Shareholders. A rights issue or open offer is pre-emptive in nature, allowing Qualifying Shareholders to maintain their respective pro-rata shareholding through their participation into the rights issue or open offer, providing an opportunity to all Qualifying Shareholders to participate in the growth of the Group. However, under an open offer, Shareholders who do not wish to take up their entitlements will not be afforded the opportunity to sell their entitled nil-paid Rights Shares on the market as an anti-dilution protection.

Taking into account the above, the Board is of the view that a rights issue would be a preferred means for the Group to raise funds over other alternatives.

In light of the foregoing, the Board (excluding the independent non-executive Directors who will form their views after considering the advice of the independent financial adviser) is of the view that the implementations of the Rights Issue and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

**However, those Qualifying Shareholders who do not take up Rights Shares to which they are entitled should note that their respective shareholdings in the Company will be diluted.**

## EXPECTED TIMETABLE

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

### Event

Expected despatch date of the circular, proxy form and notice of the EGM .....	Thursday, 7 March 2019
Latest time for lodging transfers of Shares to qualify for attendance and voting at the EGM .....	4:30 p.m. on Thursday, 21 March 2019
Register of members closes (both days inclusive) .....	Friday, 22 March 2019 to Thursday, 28 March 2019
Latest time for lodging of proxy form for the EGM .....	3:00 p.m. on Tuesday, 26 March 2019
Record date for attendance and voting at the EGM .....	Thursday, 28 March 2019
Expected time and date of the EGM to approve the proposed Share Consolidation and Rights Issue .....	3:00 p.m. on Thursday, 28 March 2019
Announcement of the result of the EGM .....	Thursday, 28 March 2019
Effective date of the Share Consolidation .....	Friday, 29 March 2019
First day of free exchange of existing share certificates for new share certificates for the Consolidated Shares .....	Friday, 29 March 2019
Commencement of dealings in the Consolidated Shares .....	9:00 a.m. on Friday, 29 March 2019
Original counter for trading in board lots of 4,000 (in form of existing share certificates) temporarily closes .....	9:00 a.m. on Friday, 29 March 2019



Temporary counter for trading in board lots of 400 Consolidated Shares (in the form of existing share certificates) opens.....	9:00 a.m. on Friday, 29 March 2019
Last day of dealings in the Consolidated Shares on a cum-rights basis relating to the Rights Issue.....	Friday, 29 March 2019
Commencement of dealings in the Consolidated Shares on an ex-rights basis relating to the Rights Issue.....	Monday, 1 April 2019
Latest time for the Shareholders to lodge transfer of Consolidated Shares in order to qualify for the Rights Issue .....	4:30 p.m. on Tuesday, 2 April 2019
Closure of register of members of the Company for the Rights Issue (both dates inclusive) .....	Wednesday, 3 April 2019 to Wednesday, 10 April 2019
Record Date for the Rights Issue.....	Wednesday, 10 April 2019
Register of members of the Company re-opens.....	Thursday, 11 April 2019
Despatch of Prospectus Documents.....	Thursday, 11 April 2019
Original counter for trading in the Consolidated Shares in board lots of 4,000 Consolidated Shares (in the form of new share certificates for Consolidated Shares) re-opens .....	9:00 a.m. on Monday, 15 April 2019
Parallel trading in the Consolidated Shares (in the form of new and existing certificates) commences .....	9:00 a.m. on Monday, 15 April 2019
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of the Consolidated Shares .....	9:00 a.m. on Monday, 15 April 2019
First day of dealings in nil-paid Rights Shares.....	9:00 a.m. on Monday, 15 April 2019
Latest time for splitting nil-paid Rights Shares.....	4:30 p.m. on Wednesday, 17 April 2019
Last day of dealings in nil-paid Rights Shares .....	Wednesday, 24 April 2019

Latest time for acceptance and payment for Rights Shares and application for excess Rights Shares.....	4:00 p.m. on Monday, 29 April 2019
Latest time to terminate the Underwriting Agreement and for the Rights Issue to become unconditional.....	4:00 p.m. on Tuesday, 30 April 2019
Designated broker ceases to stand in the market to provide matching services for the sale and purchase of odd lots of the Consolidated Shares .....	4:00 p.m. on Wednesday, 8 May 2019
Temporary counter for trading in board lots of 400 Consolidated Shares (in the form of existing share certificates) closes .....	4:00 p.m. on Wednesday, 8 May 2019
Parallel trading in the Consolidated Shares (in the form of new and existing certificates) ends.....	4:00 p.m. on Wednesday, 8 May 2019
Announcement of the allotment results.....	Wednesday, 8 May 2019
Refund cheques, if any, to be despatched (if the Rights Issue is terminated and in respect of unsuccessful or partially successful application for excess Rights Shares) on or before.....	Thursday, 9 May 2019
Certificates for fully paid Rights Shares to be despatched on or before .....	Thursday, 9 May 2019
Commencement of dealings in fully-paid Rights Shares.....	9:00 a.m. on Friday, 10 May 2019
Last day of free exchange of existing share certificates for new share certificates for the Consolidated Shares .....	Friday, 10 May 2019

All times and dates in this announcement refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above or in other parts of this announcement are indicative only and may be extended or varied. Any changes to the expected timetable will be published or notified to the Shareholders and Stock Exchange as and when appropriate in accordance with Listing Rules.

**EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND FOR APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES**

The latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares will not take place at the time indicated above if there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning issued by the Hong Kong Observatory:

- (1) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date when the Latest Time for Acceptance falls. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (2) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Time for Acceptance. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place on the Latest Time for Acceptance, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event as soon as practicable.

## CHANGES IN SHAREHOLDING STRUCTURE

The following table sets out the possible changes in the shareholding structure of the Company arising from the Share Consolidation and Rights Issue which are for illustrative purpose only.

As at the date of this announcement, the Company has 1,401,916,770 Shares in issue. Set out below is the shareholding structure of the Company (i) as at the date of this announcement, (ii) immediately after the Share Consolidation becoming effective but before completion of the Rights Issue, and (iii) immediately after completion of the Rights Issue, assuming no further issue or repurchase of Shares or Consolidated Shares up to completion of the Rights Issue save for the Rights Shares:

Name of Shareholders	As at the date of this announcement		Immediately after the Share Consolidation but before completion of the Rights Issue		Immediately after completion of the Rights Issue		Assuming all the Qualifying Shareholders take up their respective allotment of Rights Shares in full		Assuming no Qualifying Shareholders take up any of the Rights Shares and the Underwriter takes up the Rights Shares in full	
	Number of Shares	Approx. %	Number of Consolidated Shares	Approx. %	Number of Consolidated Shares	Approx. %	Number of Consolidated Shares	Approx. %	Number of Consolidated Shares	Approx. %
<b>Substantial Shareholder</b>										
Mr. Lai Leong	<u>406,681,579</u>	<u>29.01</u>	<u>40,668,157</u>	<u>29.01</u>	<u>203,340,785</u>	<u>29.01</u>	<u>40,668,157</u>	<u>5.80</u>		
<b>Independent non-executive Director</b>										
Dr. Wong Yun Kuen	<u>1,800</u>	<u>0.00</u>	<u>180</u>	<u>0.00</u>	<u>900</u>	<u>0.00</u>	<u>180</u>	<u>0.00</u>		
<b>The Underwriter and its associate</b>										
The Underwriter Associate of the Underwriter	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>560,766,708</u>	<u>80.00</u>		
Sub-total	<u>4,620,000</u>	<u>0.33</u>	<u>462,000</u>	<u>0.33</u>	<u>2,310,000</u>	<u>0.33</u>	<u>462,000</u>	<u>0.07</u>		
<b>Public Shareholders</b>	<u>990,613,391</u>	<u>70.66</u>	<u>99,061,340</u>	<u>70.66</u>	<u>495,306,700</u>	<u>70.66</u>	<u>99,061,340</u>	<u>14.13</u>		
<b>Total</b>	<u><u>1,401,916,770</u></u>	<u><u>100.00</u></u>	<u><u>140,191,677</u></u>	<u><u>100.00</u></u>	<u><u>700,958,385</u></u>	<u><u>100.00</u></u>	<u><u>700,958,385</u></u>	<u><u>100.00</u></u>		

Note:

- (1) The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.
- (2) Pursuant to the Underwriting Agreement, the Underwriter undertakes with the Company that (i) it shall use all reasonable endeavours to procure that its sub-underwriter and subscribers or purchasers of the Underwritten Shares procured by it under the Underwriting Agreement as well as subscribers or purchasers procured by its sub-underwriter shall be a third party independent of, not acting in concert with and not connected with the Directors, chief executive or Substantial Shareholders of the Company or their respective associates; (ii) it shall, and shall cause its sub-underwriter to, procure independent subscribers or purchasers take up such number of Underwritten Shares (a) as necessary to ensure that the public float requirements under Rule 8.08 of the Listing Rules are complied with by the Company and (b) such that it, its sub-underwriter and the subscribers or purchasers procured by it and by its sub-underwriter shall not, together with party(ies) acting in concert with each of them, become the controlling Shareholder (as defined under the Listing Rules) of the Company upon completion of the Rights Issue.

## **FUND-RAISING ACTIVITIES OF THE COMPANY FOR THE PAST TWELVE MONTHS**

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

## **LISTING RULES IMPLICATIONS**

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

As at the date of this announcement, the Company has no controlling Shareholder, and none of the Directors (excluding the independent non-executive Directors), the chief executive of the Company or their respective associates hold any Shares in the Company. As at the date of this announcement, Dr. Wong Yun Kuen, an independent non-executive Director of the Company, holds 1,800 Shares of the Company. The Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Rights Issue in accordance with Rule 7.27A(1) of the Listing Rules.

As at the date of this announcement, the Underwriter and its associates hold 4,620,000 Shares, representing approximately 0.33% of the total issued share capital of the Company. Accordingly, the Underwriter and its associates are required to abstain from voting at the EGM in favour of the Rights Issue.

As at the date of this announcement, Creditor A and its associates hold 36,000,000 Shares, which represents approximately 2.57% of total issued share capital of the Company. Since Creditor A has material interest in the proposed Rights Issue, Creditor A and its associates are required to abstain from voting at the EGM in favour of the Rights Issue.

Prospectus Documents or Prospectus, whichever being appropriate, will be despatched to the Qualifying Shareholders and, for information only, the Non-Qualifying Shareholders in due course.

## **GENERAL**

The EGM will be convened for the Shareholders to consider and, if thought fit, approve the Share Consolidation, the Rights Issue (including the Underwriting Agreement) and the transactions contemplated thereunder. A circular containing, among other things, (i) further details of the Share Consolidation; (ii) further details of the Rights Issue; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iv) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue; and (v) a notice convening the EGM, is expected to be despatched to the Shareholders on or before Thursday, 7 March 2019.

Subject to the approval of the Share Consolidation and the Rights Issue by the Independent Shareholders at the EGM and upon the Share Consolidation becoming effective, the Prospectus containing further information regarding, among other things, the Rights Issue, including information on acceptances of the Rights Shares and other information in respect of the Group, and PAL(s) and EAF(s) are expected to be despatched to the Qualifying Shareholders on or before Thursday, 11 April 2019. The Company will, to the extent reasonably practicable and legally permitted and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, send the Prospectus to the Non-Qualifying Shareholders for their information only.

## **WARNING OF THE RISKS OF DEALING IN THE SHARES, THE CONSOLIDATED SHARES AND RIGHTS SHARES**

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

**Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares, the Consolidated Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.**

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares or the Consolidated Shares.**



## DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 13 June 2018
“associate(s)”	has the meaning ascribed to this term under Listing Rules
“Board”	board of Directors
“Business Day(s)”	a day (excluding Saturday and Sunday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Creditor A”	the holder of the Promissory Note
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	GT Group Holdings Limited (Stock Code: 263), a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the main board of Stock Exchange
“Consolidated Share(s)”	ordinary share(s) in the share capital of the Company immediately following and arising from the consolidation of every ten (10) issued Shares
“Director(s)”	director(s) of the Company
“EAF(s)”	the form(s) of application for use by the Qualifying Shareholders who wish to apply for excess Rights Shares, being in such form as may be agreed between the Company and the Underwriter
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the proposed Share Consolidation and the proposed Rights Issue

“General Mandate”	the general mandate granted by the Shareholders to the Directors at AGM to allot, issue and deal with up to a maximum of 20% of the aggregate share capital of the Company in issue as at the date of the AGM
“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 PRC
“Independent Board Committee”	the independent board committee of the Company comprising all the independent non-executive Directors formed for the purpose of giving a recommendation to Independent Shareholders as to whether the Rights Issue and the Underwriting Agreement are fair and reasonable and as to voting after taking into account the advice of the independent financial adviser
“Independent Shareholder(s)”	any Shareholder(s) other than any controlling shareholders and their associates or, where there are no controlling shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates
“Last Trading Day”	15 January 2019, being the last trading day of the Shares on Stock Exchange before the release of this announcement
“Latest Termination Date”	4:00 p.m. on 30 April 2019 or such other date as the Underwriter may agree in writing with the Company
“Latest Time for Acceptance”	4:00 p.m. on Monday, 29 April 2019 or such later time or date as may be agreed between the Underwriter and the Company, being the latest time for acceptance of the offer of and payment for, the Rights Shares and application and payment for the excess Rights Shares
“Listing Committee”	has the meaning ascribed to this term under Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on Stock Exchange
“Long Stop Date”	4:00 p.m. on Tuesday, 30 April 2019 (or such later date as the Underwriter and the Company may agree in writing)

“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Issue to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Overseas Shareholder(s)”	those persons whose registered addresses (as shown in the register of members of the Company at the close of business on the Record Date) are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) for the Rights Issue
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administration Region and Taiwan
“Promissory Note”	the promissory note in the principal amount of HK\$196,000,000 issued by the Company in favour of Mega Ample Capital Limited, which was subsequently transferred to Creditor A
“Prospectus”	the prospectus to be despatched to the Shareholders in connection with the Rights Issue in such usual form as may be agreed between the Company and the Underwriter
“Prospectus Documents”	Prospectus, PAL and EAF
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholder(s)
“Record Date”	Wednesday, 10 April 2019 or such other date as may be agreed between the Company and the Underwriter, being the date for determining entitlements of Shareholders to participate in the Rights Issue
“Registrar”	Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Rights Issue”	the proposed issue of the Rights Shares on the basis of four (4) Rights Shares for every one (1) Consolidated Share held on the Record Date at a subscription price of HK\$0.56 per Rights Share
“Rights Share(s)”	560,766,708 Consolidated Shares to be allotted and issued pursuant to the Rights Issue
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Share(s)”	ordinary share(s) with no par value in the share capital of the Company before the Share Consolidation becoming effective
“Share Consolidation”	the consolidation of every ten (10) issued Shares into one (1) Consolidated Share
“Shareholder(s)”	registered holder(s) of the Shares or the Consolidated Shares as the case may be
“Share Option(s)”	the options to subscribe for new Shares granted under the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company on 14 June 2016
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.56 per Rights Share
“Substantial Shareholder(s)”	has the meaning as ascribed to this term under Listing Rules
“Underwriter”	Win Wind Securities Limited, a licensed corporation to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO
“Underwriting Agreement”	underwriting agreement dated 15 January 2019 entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Shares”	560,766,708 Rights Shares underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement
“%”	per cent

By Order of the Board  
**GT GROUP HOLDINGS LIMITED**  
**Li Dong**  
*Chairman*

Hong Kong, 15 January 2019

*As at the date of this announcement, the Board comprises four Executive Directors, namely Mr. Li Dong (Chairman), Ms. Ng Shin Kwan, Christine, Mr. Chan Ah Fei and Mr. Liang Shan and three Independent Non-executive Directors, namely Dr. Wong Yun Kuen, Mr. Wong Shun Loy and Mr. Hu Chao.*