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GREATWALLE INC.

長城匯理公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 08315)

PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY THREE (3) SHARES HELD ON THE RECORD DATE

Underwriter to the Rights Issue



PROPOSED RIGHTS ISSUE

The Company proposes to raise not less than approximately HK\$20.8 million and not more than approximately HK\$23.0 million, before expenses, by way of the Rights Issue, by issuing not less than 415,439,174 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) and not more than 460,658,702 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of outstanding Share Options) at the Subscription Price of HK\$0.05 per Rights Share on the basis of one (1) Rights Share for every three (3) existing Shares held on the Record Date. The Rights Issue will not be extended to the Excluded Shareholder(s) (if any).

The estimated Net Proceeds, if fully subscribed, will be not less than approximately HK\$19.6 million (assuming no change in the number of Shares in issue on or before the Record Date) and more than approximately HK\$21.8 million (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of the outstanding Share Options).

The Company currently intends to use the Net Proceeds for (i) the general working capital of the Group; (ii) repaying the indebtedness and liabilities of the Group; (iii) expanding the Group's security guarding business in the PRC; and (iv) developing and strengthening the Group's asset management business. The use of the Net Proceeds may be adjusted based upon the development of the Group's business and its needs. Details of the use of the Net Proceeds are set out in the section headed "Reasons for the Rights Issue and the use of proceeds" in this announcement.

IRREVOCABLE UNDERTAKING FROM AND INTENTION OF GREATWALLE

As at the date of this announcement, Greatwalle, being a controlling shareholder of the Company, holds directly 691,743,923 Shares (representing approximately 55.50% of the issued share capital of the Company as at the date of this announcement).

On 5 August 2020, the Company received from Greatwalle the Irrevocable Undertaking, which provides (among other things) that (i) Greatwalle will take up all of the assured entitlements to the Rights Shares in respect of Shares beneficially owned by it as at the date of the Irrevocable Undertaking pursuant to the terms of the Rights Issue; and (ii) Greatwalle will not dispose of or transfer any interests in the Company (including Shares) from the date of the Irrevocable Undertaking up to and including the date on which the Rights Issue has become unconditional or the date on which the Company announces that the Rights Issue will not proceed, whichever is earlier. In addition, Greatwalle does not intend to apply and/or procure its associates to apply, by way of excess application, for any excess Rights Shares using EAF.

UNDERWRITING AGREEMENT

On 5 August 2020 (after trading hours), the Company and the Underwriter entered into the Underwriting Agreement in respect of the proposed Rights Issue, pursuant to which the Rights Shares other than the Committed Shares will be fully underwritten by the Underwriter, subject to the conditions set out in the Underwriting Agreement. Details of the Underwriting Agreement are set out in the section headed “Underwriting Agreement” in this announcement.

QUALIFYING SHAREHOLDERS

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not be an Excluded Shareholder as at the close of business on the Record Date. In order to be registered as members of the Company on the Record Date, all transfers of Shares (together with the relevant share certificate(s)) must be lodged with the Registrar at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong by 4:30 p.m. on Wednesday, 12 August 2020.

The last day of dealing in the Shares on a cum-rights basis is Monday, 10 August 2020. The Shares will be dealt with on an ex-rights basis from Tuesday, 11 August 2020.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday 13 August 2020 to Tuesday, 18 August 2020 (both dates inclusive) for the purpose of determining the Shareholders' entitlements to the Rights Issue. During this period, no transfer of Shares will be registered.

ADJUSTMENTS TO EXERCISE PRICES AND NUMBERS OF SHARE OPTIONS

As at the date of this announcement, there are 135,658,584 outstanding Share Options granted by the Company exercisable into 135,658,584 Shares. Save for the foregoing, there are no other options, warrants or other convertible securities granted by the Company that are subsisting as at the date of this announcement. Adjustments to the exercise prices and numbers of the Share Options will be required under the Share Option Scheme as a result of the Rights Issue. The auditor of the Company will be appointed to certify the necessary adjustments to the exercise prices and numbers of the Share Options. Further announcement relating to such adjustments will be made by the Company in this regard as and when appropriate.

GEM LISTING RULES IMPLICATIONS

As the Company has not conducted any rights issue or open offer within the 12 month period prior to the date of this announcement and the Rights Issue will not increase the issued share capital or the market capitalization of the Company by more than 50% and the Rights Issue is not underwritten by a Director, chief executive or substantial shareholder of the Company (or any of their respective close associates), the Rights Issue is not subject to Shareholders' approval under the GEM Listing Rules and will be carried out in compliance with Rule 10.31(1)(a) of the GEM Listing Rules.

GENERAL

The Prospectus Documents setting out details of the Rights Issue are expected to be despatched to the Qualifying Shareholders on Wednesday, 19 August 2020. The Prospectus (without the PAL and the EAF) and the Overseas Letter will be despatched to the Excluded Shareholders (if any) for their information only.

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

Shareholders and potential investors should note that the Rights Issue is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Rights Issue may or may not proceed. Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

Shareholders should note that the Shares will be dealt in on an ex-rights basis commencing from Tuesday, 11 August 2020 and that dealing in the Shares will take place while the conditions to which the Underwriter's obligation under the Underwriting Agreement are subject remain unfulfilled. Any Shareholder or other person dealing in the Shares up to the date on which all conditions to which the Rights Issue is subject are fulfilled (which is expected to be on 4:00 p.m. on Friday, 4 September 2020), will accordingly bear the risk that the Rights Issue cannot become unconditional and may not proceed. Any Shareholder or other person contemplating any dealings in the Shares and/or nil-paid Rights Shares, who is in any doubt about their position, is recommended to consult their own professional advisers.

PROPOSED RIGHTS ISSUE

The Company proposes to raise not less than approximately HK\$20.8 million and not more than approximately HK\$23.0 million, before expenses, by way of the Rights Issue, by issuing not less than 415,439,174 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) and not more than 460,658,702 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of outstanding Share Options) at the Subscription Price of HK\$0.05 per Rights Share on the basis of one (1) Rights Share for every three (3) existing Shares held on the Record Date. The Rights Issue will not be extended to the Excluded Shareholder(s) (if any). The terms of the Rights Issue are set out below:

Issue statistics

Basis of Rights Issue	One (1) Rights Share for every three (3) Shares held on the Record Date
Subscription Price	HK\$0.05 per Rights Share
Number of Shares in issue as at the date of this announcement	1,246,317,523 Shares
Number of Rights Shares to be issued under the Rights Issue	Not less than 415,439,174 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) and not more than 460,658,702 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of outstanding Share Options)

Aggregate nominal value of the Rights Shares	Not less than 4,154,391.74 (assuming no change in the number of Shares in issue on or before the Record Date) and not more than 4,606,587.02 (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of outstanding Share Options)
Enlarged issued share capital upon completion of the Rights Issue	Not less than HK\$16,617,566.97 comprising 1,661,756,697 Shares and not more than HK\$18,426,348.09 comprising 1,842,634,809
Number of Rights Shares undertaken to be taken up	Greatwalle has undertaken to take up an aggregate of 230,581,307 Rights Shares (representing approximately 55.50% (assuming no outstanding Share Options being exercised) or 50.05% (assuming all outstanding Share Options being exercised) of the total Rights Shares proposed to be provisionally allotted by the Company)
Underwriter to the Rights Issue	First Capital Securities Limited
Number of Rights Shares underwritten by the Underwriter	Up to 230,077,395 (being the maximum number of Rights Shares proposed to be provisionally allotted under the Rights Issue other than the Committed Shares)
Funds raised before expenses	Not less than approximately HK\$20.8 million and not more than approximately HK\$23.0 million

As at the date of this announcement, there are 135,658,584 outstanding Share Options granted by the Company exercisable into 135,658,584 Shares. Save for the foregoing, the Group had no outstanding debt securities, derivatives, options, warrants, conversion securities or other similar securities which are convertible or exchangeable into Shares, and there was no arrangement under which dividends are/will be waived or agreed to be waived. The Company has no intention to issue or grant any Shares, convertible securities, warranties and/or options on or before the Record Date.

Assuming no change in the number of issued Shares on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 415,439,174 Rights Shares proposed to be issued pursuant to the terms of the Rights Issue represent: (i) approximately 33.33% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 25.00% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

Assuming (i) all the outstanding Share Options being exercised, (ii) and that there is no other change in the number of issued Shares on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 460,658,702 Rights Shares proposed to be issued pursuant to the Rights Issue represents (i) approximately 36.96% of the existing issued Shares as at the date of this announcement; and (ii) approximately 25.00% of the enlarged issued Shares immediately after completion of the Rights Issue.

Subscription Price

The Subscription Price of HK\$0.05 per Rights Share is payable in full when a Qualifying Shareholder accepts the relevant provisional allotment of Rights Shares or applies for excess Rights Shares or when a transferee of nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 27.54% to the closing price of HK\$0.069 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 7.41% to the average of the closing prices of Shares for the five consecutive trading days ended on the Last Trading Day of approximately HK\$0.054 per Share;
- (iii) a discount of approximately 7.41% to the average of the closing prices of Shares for the ten consecutive trading days ended on the Last Trading Day of approximately HK\$0.054 per Share;
- (iv) a discount of approximately 21.88% to the theoretical ex-rights price of approximately HK\$0.064 per Share based on the closing price per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (v) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) represented by a discount of approximately 7.25% (taking into account the maximum Rights Shares to be issued), represented by the theoretical diluted price of approximately HK\$0.064 per Share to the benchmarked price of approximately HK\$0.069 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.069 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the date of this announcement of approximately HK\$0.05 per Share).

The net asset value of the Group as recorded in its audited consolidated accounts as at 31 March 2020 was in the negative figure of approximately HK\$6.3 million and the net liability per share is approximately HK\$0.005. The Subscription Price was determined after arm's length negotiation between the Company and the Underwriter with reference to, among other things, the recent market prices of the Shares, the current market conditions and the amount of funds the Company intends to raise under the Rights Issue.

The Directors consider that the determination of the Subscription Price at HK\$0.05 per Rights Share is moderate, fair and reasonable. The Directors are of the considered view that, in order to enhance the attractiveness of the Rights Issue and to encourage the Shareholders to participate in the Rights Issue without exerting excessive financial burden on the part of the Shareholders, the discount on the Subscription Price to the current market price of the Shares as proposed is appropriate. Each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its shareholding in the Company held on the Record Date.

The Directors (including the independent non-executive Directors) consider that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Basis of provisional allotment

The basis of the provisional allotment shall be one (1) Rights Share for every three (3) Shares held by a Qualifying Shareholder as at the close of business on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing a PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar on or before 4:00 p.m. on the Final Acceptance Date.

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not be an Excluded Shareholder on the Record Date.

In order to be registered as a member of the Company on the Record Date, a Shareholder must lodge the relevant transfer(s) of Share(s) (with the relevant share certificates) with the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on Wednesday, 12 August 2020.

The last day of dealings in the Shares on a cum-rights basis is Monday, 10 August 2020. The Shares will be dealt with on an ex-rights basis from Tuesday, 11 August 2020.

Qualifying Shareholders who take up their pro rata entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements).

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

Excluded Shareholder(s) (if any)

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

Pursuant to Rule 17.41(1) of the GEM Listing Rules, the Directors will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholder(s) under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If, after making such enquiries, the Directors are 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 the requirements of the relevant regulatory body or stock exchange in that place to exclude such Overseas Shareholder(s) from the Rights Issue, no Rights Shares (whether in nil-paid or fully-paid form) will be offered to such Overseas Shareholder(s). In such circumstances, the Rights Issue will not be extended to the Excluded Shareholder(s). The basis for excluding the Excluded Shareholders(s), if any, from the Rights Issue will be set out in the Prospectus. The Company will send the Prospectus (without the PAL and the EAF) and the Overseas Letter to the Excluded Shareholders for their information only.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders in their nil-paid form, to be sold in the market as soon as practicable after dealings in the nil-paid Rights Shares commence, and in any event before the last day for dealings in nil-paid Rights Shares if a premium (net of expenses) can be obtained. Proceeds of each sale, less expenses and stamp duty, of not less than HK\$100 will be paid pro-rata (rounded down to the nearest cent) to the relevant Excluded Shareholder(s) in Hong Kong dollars. The Company will retain individual amounts of less than HK\$100 for its own benefit. Any unsold entitlements of the Excluded Shareholders will be made available for excess application by the Qualifying Shareholders.

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

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully paid, will rank pari passu in all respects with the Shares in issue at the time. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid by the Company after the date of allotment and issue of the Rights Shares.

Fractional entitlements to the Rights Shares

The Company will not provisionally allot and will not accept application for any fractions of the Rights Shares. All fractions of the Rights Shares will be aggregated and sold by the Company in the open market if a premium (net of expenses) can be obtained. Any unsold fractions of the Rights Shares will be made available for excess application by the Qualifying Shareholders. No odd-lot matching services will be provided.

Application for excess Rights Shares

Qualifying Shareholders are entitled to apply for, by way of excess application:

- (i) any unsold entitlements to the Rights Shares of the Excluded Shareholder(s) (if any);
- (ii) any unsold Rights Shares created by aggregating fractions of the Rights Shares; and
- (iii) any nil-paid Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise not subscribed for by renounees or transferees of nil-paid Rights Shares.

Applications for excess Rights Shares may be made by completing an EAF and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Directors will allocate any excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (i) any excess Rights Shares will be allocated to Qualifying Shareholders who apply for them on a pro rata basis by reference to the number of the excess Rights Shares applied for under each application;
- (ii) no preference will be given to applications for topping up odd-lot holdings to whole lot holdings;
- (iii) no reference will be made to the Rights Shares subscribed through applications by PALs or the existing number of Shares held by Qualifying Shareholders; and

- (iv) pursuant to Rule 10.31(3)(b) of the GEM Listing Rules, the Company will also take steps to identify the applications for excess Rights Shares made by any controlling shareholder or its associates (together, the “**Relevant Shareholders**”), whether in their own names or through nominees. The Company shall disregard the Relevant Shareholders’ applications for excess Rights Shares to the extent that the total number of excess Rights Shares they have applied for exceeds a maximum number equivalent to the total number of Rights Shares offered under the Rights Issue minus the number of Rights Shares taken up by the Relevant Shareholders under their assured entitlement to the Rights Shares.

If the aggregate number of Rights Shares not taken up by the Qualifying Shareholders and/or transferees of nil-paid Rights Shares under PALs is greater than the aggregate number of excess Rights Shares being applied for under EAFs, the Directors will allocate to each Qualifying Shareholder who applies for excess Rights Shares the actual number of excess Rights Shares being applied for.

Investors whose Shares are held by a nominee company (including HKSCC Nominees Limited) should note that for the purpose of the Rights Issue, the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the Investors should note that the aforesaid arrangement in relation to the allocation of excess Rights Shares will not be extended to beneficial owners individually. Investors whose Shares are held by a nominee company are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. For those investors who would like to have their names registered on the register of members of the Company, all necessary documents must be lodged with the Registrar at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong by 4:30 p.m. on Wednesday, 12 August 2020.

Application for listing

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

The board lot size of the nil-paid Rights Shares shall be the same as that of the fully-paid Rights Shares, i.e. 10,000 Shares in one board lot.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC.

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

Stamp duty and other applicable fees

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

Taxation

Qualifying Shareholders are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for the Rights Shares, or about purchasing, holding or disposals of, or dealings in or exercising any rights in relation to the Shares or the Rights Shares, and similarly, the Excluded Shareholders (if any) as regards their receipt of the net proceeds of sale of the Rights Shares otherwise falling to be issued to them under the Rights Issue under the laws of jurisdictions in which they are liable to taxation. It is emphasised that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Shares or the Rights Shares.

Share certificates and refund cheques for Rights Issues

Subject to the fulfilment and/or waiver (where applicable) of the conditions precedent of the Rights Issue as set out below, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered address, at their own risks, on or before Thursday, 10 September 2020.

If the Underwriting Agreement is terminated or does not become unconditional or in respect of wholly or partially unsuccessful applications for excess Rights Shares, refund cheques (if any) are expected to be posted on or before Thursday, 10 September 2020 by ordinary post to the applicants' registered address, at their own risk.

UNDERWRITING AGREEMENT

After the trading hours on 5 August 2020, the Company and the Underwriter entered into the Underwriting Agreement in respect of the proposed Rights Issue, pursuant to which the Rights Shares other than the Committed Shares will be fully underwritten by the Underwriter.

Principal terms of the Underwriting Agreement

Date : 5 August 2020
Parties : (i) The Company as issuer; and
: (ii) First Capital Securities Limited as underwriter.

The Underwriter is a company incorporated in Hong Kong with limited liability and a licensed corporation to carry on business in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO. As at the date of this announcement, the Underwriter does not hold any Shares. Each of the Underwriter and its ultimate beneficial owners is, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, an Independent Third Party.

The Underwriter has confirmed that (1) it is not a connected person of the Company; and (2) it is licensed under the SFO for Type 1 regulated activity and its ordinary business includes underwriting of securities (hence, the Underwriter has complied with Rule 10.24A(1) of the GEM Listing Rules).

Rights Shares being : Up to 230,077,395 Rights Shares
underwritten by the
Underwriter
Commission and : The Company shall pay to the Underwriter an underwriting
Expenses : commission equal to a lump sum amount of HK\$200,000.00.
In addition, the Company shall also pay all legal fees and
other reasonable out-of-pocket expenses of the Underwriter
in respect of the Rights Issue.

The commission payable to the Underwriter was determined after arm's length negotiations between the Company and the Underwriter with reference to the prevailing market rate of similar transactions. The Directors, having taken into account the fact that the Underwriting Agreement was entered into for the purpose of underwriting all of the Underwritten Shares and the reasons for the Rights Issue as detailed in the section headed "Reasons for the Rights Issue and Use of Proceeds" below, consider that the terms of the Underwriting Agreement (including the underwriting commission) are fair and reasonable and the entering into of the Underwriting Agreement is in the interests of the Company and the Shareholders as a whole.

Subject to the fulfilment of all the conditions precedent (save and except such conditions precedent waived in accordance with the conditions precedent (5) and the paragraph set as out in the paragraph headed "Conditions precedent of the Rights Issue" in this announcement) contained in the Underwriting Agreement and provided that the Underwriting Agreement is not terminated prior to the Latest Time for Termination in accordance with the terms thereof, the Underwriter shall subscribe or procure subscription on the terms of the Prospectus Documents (insofar as the same are applicable) for such Untaken Shares.

Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination:

- (1) (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 the prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; 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 the prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or

- (2) any 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 of trading in securities) occurs which in the reasonable opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (3) there is any change in the circumstances of the Company or any member of the Group which in the reasonable opinion of the Underwriter will materially and adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (4) 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 which would, in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or the prospects of the Group as a whole; or
- (5) any other material adverse change in relation to the business or the financial or trading position or the prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (6) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the reasonable opinion of any of the Underwriter, a material omission in the context of the Rights Issue; or
- (7) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive business days, excluding any suspension in connection with the clearance of this announcement or the Prospectus Documents or other announcements or circulars in connection with the Rights Issue,

the Underwriter shall be entitled to terminate the Underwriting Agreement by notice in writing served on the Company prior to the Latest Time for Termination. It is agreed that the Underwriter shall not rely on the global pandemic of COVID-19 and/or the impact or aftermath thereof as any ground or reason to terminate or rescind the Underwriting Agreement and/or the Rights Issue.

If the Underwriter terminates the Underwriting Agreement, the Rights Issue will not proceed. A further announcement would be made by the Company if the Underwriting Agreement is terminated by the Underwriter.

Conditions precedent of the Rights Issue

The Right Issue is conditional upon:

- (1) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the GEM Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Posting Date;
- (2) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus only to the Excluded Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Posting Date;
- (3) the Listing Division granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Rights Shares by no later than the first day of their dealings on the Stock Exchange;
- (4) the obligations of the Underwriter becoming unconditional and the Underwriting Agreement is not terminated in accordance with its terms;
- (5) compliance with and performance of all undertakings and obligations of the Company under the Underwriting Agreement;
- (6) compliance with the requirements under the applicable laws and regulations of Hong Kong and the Cayman Islands; and
- (7) the Underwriter having obtained all necessary consent and/or approval for entering into the Underwriting Agreement or the transactions contemplated herein.

None of the above conditions precedent (other than condition (5) which can only be waived by the Underwriter) can be waived. If the conditions precedent are not satisfied and/or waived (as the case may be) in whole or in part by the Company and/or the Underwriter (as the case may be) by the Latest Time for Termination or such other date as the Company and the Underwriter may agree in writing, the Underwriting Agreement shall terminate (save and except certain clauses which shall remain in full force and effect) and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches. If the Underwriting Agreement is terminated (please also refer to the paragraph headed “Termination of the Underwriting Agreement” in this announcement), the Rights Issue will not proceed.

IRREVOCABLE UNDERTAKING FROM AND INTENTION OF GREATWALLE

As at the date of this announcement, Greatwalle, being a controlling shareholder of the Company, holds directly 691,743,923 Shares (representing approximately 55.50% of the issued share capital of the Company as at the date of this announcement).

On 5 August 2020, the Company received from Greatwalle the Irrevocable Undertaking, which provides (among other things) that (i) Greatwalle will take up all of the assured entitlements to the Rights Shares in respect of Shares beneficially owned by it as at the date of the Irrevocable Undertaking pursuant to the terms of the Rights Issue; and (ii) Greatwalle will not dispose of or transfer any interests in the Company (including Shares) from the date of the Irrevocable Undertaking up to and including the date on which the Rights Issue has become unconditional or the date on which the Company announces that the Rights Issue will not proceed, whichever is earlier. In addition, Greatwalle does not intend apply and/or procure its associates to apply, by way of excess application, for any excess Rights Shares using EAF.

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

Shareholders and potential investors should note that the Rights Issue is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. Accordingly, the Rights Issue may or may not proceed. Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

Shareholders should note that the Shares will be dealt in on an ex-rights basis commencing from Tuesday, 11 August 2020 and that dealing in the Shares will take place while the Conditions to which the Underwriter's obligation under the Underwriting Agreement are subject remain unfulfilled. Any Shareholder or other person dealing in the Shares up to the date on which all conditions to which the Rights Issue is subject are fulfilled (which is expected to be on 4:00 p.m. on Friday, 4 September 2020), will accordingly bear the risk that the Rights Issue cannot become unconditional and may not proceed. Any Shareholder or other person contemplating any dealings in the Shares and/or nil-paid Rights Shares, who is in any doubt about their position, is recommended to consult their own professional advisers.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 13 August 2020 to Tuesday, 18 August 2020 (both dates inclusive) for the purpose of determining entitlements to the Rights Issue. During this period, no transfer of Shares will be registered.

EXPECTED TIMETABLE

The expected timetable in respect of the Rights Issue is set out below:

	2020
Last day of dealing in the Shares on a cum-rights basis	Monday, 10 August
First day of dealing in the Shares on an ex-rights basis	Tuesday, 11 August
Latest time for lodging transfers of Shares to be entitled for the Rights Issue	4:30 p.m. on Wednesday, 12 August
Book close period to determine the entitlements to the Rights Issue (both dates inclusive)	Thursday, 13 August 2020 to Tuesday, 18 August
Record Date	Tuesday, 18 August
Register of members re-opens	Wednesday, 19 August
Prospectus Documents to be posted	Wednesday, 19 August
First day of dealing in nil-paid Rights Shares	9:00 a.m. on Friday, 21 August
Latest time for splitting nil-paid Rights Shares	4:30 p.m. on Tuesday, 25 August
Latest time for dealing in nil-paid Rights Shares	4:00 p.m. on Friday, 28 August
Latest time of acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares	4:00 p.m. on Wednesday, 2 September
Latest time for termination of the Underwriting Agreement and the Rights Issue to become unconditional	4:00 p.m. on Friday, 4 September
Announcement of the results of the Rights Issue to be published	Wednesday, 9 September
Refund cheques for wholly and partially unsuccessful excess applications to be posted	Thursday, 10 September

Share certificates of fully-paid Rights Shares to be posted

Thursday, 10 September

Dealings in fully-paid Rights Shares commence

9:00 a.m. on Friday,
11 September

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 by the Company. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

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 for application and payment for excess Rights Shares will not take place if there is/are a tropical cyclone warning signal no. 8 or above, a “black” rainstorm warning or extreme conditions caused by a super typhoon as announced by the government of Hong Kong:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Wednesday, 2 September 2020. 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
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Wednesday, 2 September 2020. 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 or before 4:00 p.m. on Wednesday, 2 September 2020, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

SHAREHOLDING STRUCTURE

Set out below are the shareholding structures of the Company as at the date of this announcement to immediately after completion of the Rights Issue assuming (i) no exercise of the outstanding Share Options on or before the Record Date; and (ii) the exercise of all the outstanding Share Options in full on or before the Record Date for illustration purpose only:

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

Shareholders	At the date of this announcement <i>(Note 1)</i>		Immediately after completion of the Rights Issue (assuming all the Rights Shares will be taken up by Shareholders)		Immediately after completion of the Rights Issue (assuming nil acceptance by the Qualifying Shareholders other than Greatwalle and all the Untaken Shares are taken up by the Underwriter and its subscribers procured by the Underwriter) <i>(Note 2)</i>	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Controlling shareholder						
Greatwalle	691,743,923	55.50	922,325,230	55.50	922,325,230	55.50
Director						
Pang Xiaoli	14,922,155	1.20	19,896,206	1.20	14,922,155	0.90
Public						
The Underwriter and/or subscriber(s) procure by it	-	-	-	-	184,857,867	11.12
Other Shareholders	539,651,445	43.30	719,535,261	43.30	539,651,445	32.48
Total	<u>1,246,317,523</u>	<u>100.00</u>	<u>1,661,756,697</u>	<u>100.00</u>	<u>1,661,756,697</u>	<u>100.00</u>

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

Shareholders	At the date of this announcement (Note 1)		Immediately upon full exercise of all outstanding Share Options before the Record Date		Immediately after completion of the Rights Issue (assuming all the Rights Shares will taken up by Shareholders)		Immediately after completion of the Rights Issue (assuming nil acceptance by the Qualifying Shareholders other than Greatwalle and all the Untaken Shares are taken up by the Underwriter and its subscribers procured by the Underwriter) (Note 2)	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Controlling shareholder								
Greatwalle	691,743,923	55.50	691,743,923	50.05	922,325,230	50.05	922,325,230	50.05
Directors								
Pang Xiaoli (Note 3)	14,922,155	1.20	16,937,397	1.23	22,583,196	1.23	16,937,397	0.92
Hon Hoi Chuen (Note 4)	-	-	12,436,626	0.90	16,582,168	0.90	12,436,626	0.68
Lin Shuxian (Note 5)	-	-	12,436,626	0.90	16,582,168	0.90	12,436,626	0.68
Guan Yan (Note 6)	-	-	1,000,000	0.07	1,333,333	0.07	1,000,000	0.05
Zhao Jinsong (Note 7)	-	-	1,000,000	0.07	1,333,333	0.07	1,000,000	0.05
Li Zhongfei (Note 8)	-	-	1,000,000	0.07	1,333,333	0.07	1,000,000	0.05
Public								
The Underwriter and/or subscriber(s) procure by it	-	-	-	-	-	-	230,077,395	12.49
Holder(s) of the outstanding Share Options (Note 9)	-	-	105,770,090	7.65	141,026,786	7.65	105,770,090	5.74
Other Shareholders	539,651,445	43.30	539,651,445	39.06	719,535,262	39.06	539,651,445	29.29
Total	1,246,317,523	100.00	1,381,976,107	100.00	1,842,634,809	100.00	1,842,634,809	100.00

Notes:

- (1) Based on 1,246,317,523 Shares in issue as at the date of this announcement.
- (2) The number of Shares to be taken up by Greatwalle is on the assumption that (i) it will take up its assured entitlements to the Rights Shares in accordance with the Irrevocable Undertaking; and (ii) no excess application will be made by Greatwalle.

- (3) As at the date of this announcement, Ms. Pang Xiaoli, an executive Director, is interested in 2,015,242 Share Options.
- (4) As at the date of this announcement, Mr. Hon Hoi Chuen, an executive Director, is interested in 12,436,626 Share Options.
- (5) As at the date of this announcement, Ms. Lin Shuxian, an executive Director, is interested in 12,436,626 Share Options.
- (6) As at the date of this announcement, Ms. Guan Yan, an independent non-executive Director, is interested in 1,000,000 Share Options.
- (7) As at the date of this announcement, Mr. Zhao Jinsong, an independent non-executive Director, is interested in 1,000,000 Share Options.
- (8) As at the date of this announcement, Mr. Li Zhongfei, an independent non-executive Director, is interested in 1,000,000 Share Options.
- (9) As at the date of this announcement, the outstanding Share Options are held by a former Director, Mr. Li Mingming, and other employees of the Group.

Pursuant to the Underwriting Agreement, in the event of the Underwriter being called upon to subscribe for or procure subscription for the Untaken Shares, the Underwriter shall use its best endeavours to ensure that (1) each of the subscribers of the Untaken Shares procured by the Underwriter shall be an Independent Third Party of, and he/she/it should not act in concert (within the meaning of the Takeovers Code) with and not connected with the Company, any of the Directors or chief executive or substantial shareholders of the Company or their respective associates; and (2) the public float requirements under Rule 11.23 of the GEM Listing Rules be fulfilled by the Company upon completion of the Rights Issue.

REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

The expected gross proceeds, Net Proceeds and net price per Rights Share from the Rights Issue are set out below:

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

HK\$ (approximately)

Gross proceeds	20.77 million
Net Proceeds	19.57 million
Net price per Rights Share	0.05

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

HK\$ (approximately)

Gross proceeds	23.03 million
Net Proceeds	21.83 million
Net price per Rights Share	0.05

Reasons for the Rights Issue

General working capital of the Group. The Board believes the Rights Issue will enable the Group to strengthen its working capital base and enhance its financial position, while at the same time allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company. The Company intends to apply part of the Net Proceeds as the general working capital of the Group mainly for rental expenses, staff cost, professional fees and other administrative expenses.

Repaying the indebtedness and liabilities of the Group. As disclosed in the annual report of the Company for the year ended 31 March 2020, the Group recorded net current liabilities of approximately HK\$19.3 million and net liabilities of approximately HK\$6.3 million as at 31 March 2020. The Company intends to apply part of the Net Proceeds for repaying the indebtedness and liabilities of the Group including repayment of loans and interest expenses.

Expanding the Group's security guarding business in the PRC. The Group believes that the future development of the security guarding market in the PRC is huge as an emerging market and has been vigorously expanding into the PRC market since 2019. The Company intends to apply part of the Net Proceeds to expand the Group's security guarding business in the PRC.

Developing and strengthening the Group's asset management business in the PRC and Hong Kong. The Group has continued to explore opportunities to diversify its businesses in order to enhance the income stream and continue to improve the return of the Shareholders. As disclosed in the annual report of the Company for the year ended 31 March 2020, the Group has obtained the relevant asset management licenses in the PRC and Hong Kong and is qualified to conduct private equity fund management business in the PRC and asset management business in Hong Kong. The Company is optimistic about the business prospect and potential growth of the asset management business and intends to apply part of the Net Proceeds to develop and strengthen the Group's asset management business in the PRC and Hong Kong.

The intended use of Net Proceeds

The Company intends to apply the Net Proceeds in the following manner:

- (i) approximately 35% of the Net Proceeds will be used as the general working capital of the Group mainly for rental expenses, staff cost, professional fees and other administrative expenses;
- (ii) approximately 30% of the Net Proceeds will be used for repaying the indebtedness and liabilities of the Group;
- (iii) approximately 20% of the Net Proceeds will be used for expanding the Group's security guarding business in the PRC; and
- (iv) approximately 15% of the Net Proceeds will be used for developing and strengthening the Group's asset management business in the PRC and Hong Kong, allocated as below:
 - approximately 7% of the Net Proceeds will be used for the operation of the asset management business in the PRC; and
 - approximately 8% of the Net Proceeds will be used for the operation of Type 9 (asset management) regulated activities under the SFO in Hong Kong.

The use of Net Proceeds may be adjusted based upon the development of the Group's business and its needs. If the actual use of the Net Proceeds deviates significantly, the Company will publish announcement on the change(s) as and when appropriate and in accordance with the requirements of the GEM Listing Rules.

Based on the above, the Board considers that raising capital through the Rights Issue is in the interests of the Company and the Shareholders as a whole. In addition, the Directors consider that the Rights Issue, which is on a fully underwritten basis, will allow the Group to strengthen its capital structure without incurring debt financing cost, improve the financial and liquidity position and provide additional general working capital. Meanwhile, the Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro rata shareholding interests in the Company and to continue to participate in the future development of the Group. The Qualifying Shareholders are also able to further increase their interests in the Company through excess applications. **However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Excluded Shareholder(s) (if any) should note that their shareholdings will be diluted.**

As at the date of this announcement, the Company has no intention, arrangement, agreement, understanding, negotiation (concluded or otherwise) on any disposal, termination or scaling down of the existing businesses of the Group.

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

The Company had not conducted any equity fund raising activities in the 12 months immediately preceding the date of this announcement.

ADJUSTMENTS TO EXERCISE PRICES AND NUMBERS OF SHARE OPTIONS

As at the date of this announcement, there are 135,658,584 outstanding Share Options granted by the Company exercisable into 135,658,584 Shares. Save for the foregoing, there are no other options, warrants or other convertible securities granted by the Company that are subsisting as at the date of this announcement. Adjustments to the exercise prices and numbers of the Share Options will be required under the Share Option Scheme as a result of the Rights Issue. The auditor of the Company will be appointed to certify the necessary adjustments to the exercise prices and numbers of the Share Options. Further announcement relating to such adjustments will be made by the Company in this regard as and when appropriate.

GEM LISTING RULES IMPLICATIONS

As the Company has not conducted any rights issue or open offer within the 12 month period prior to the date of this announcement and the Rights Issue will not increase the issued share capital or the market capitalisation of the Company by more than 50% and the Rights Issue is not underwritten by a Director, chief executive or substantial shareholder of the Company (or any of their respective close associates). The Rights Issue is not subject to Shareholders' approval under the GEM Listing Rules and will be carried out in compliance with Rule 10.31(1)(a) of the GEM Listing Rules.

GENERAL

The Prospectus Documents setting out details of the Rights Issue are expected to be despatched to the Qualifying Shareholders on Wednesday, 19 August 2020 and the Prospectus (without the PAL and the EAF) with the Overseas Letter will be despatched to the Excluded Shareholder(s) (if any) for information only.

DEFINITIONS

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

“associates”	has the meaning ascribed to it under the GEM Listing Rules;
“Board”	the board of Directors;
“Business Day”	a day (other than a Saturday, Sunday and public holiday) on which banks are open for general banking business in Hong Kong;
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC;
“Committed Shares”	the 230,581,307 Rights Shares agreed to be taken up by Greatwalle pursuant to the Irrevocable Undertaking;
“Company”	Greatwalle Inc. (長城匯理公司), a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM;
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended from time to time;
“controlling shareholder”	has the meaning ascribed to it under the GEM Listing Rules;
“Director(s)”	the director(s) of the Company;
“EAF(s)”	the excess application form(s) for use by the Qualifying Shareholders who wish to apply for Rights Shares in excess for their entitlements under the Rights Issue;
“Excluded Shareholder(s)”	Overseas Shareholder(s) whom the Directors, after making enquiries regarding the legal restrictions under the laws of the relevant places or the requirements of the relevant overseas regulatory bodies or stock exchanges, consider it necessary or expedient to exclude them from the Rights Issue;

“Final Acceptance Date”	Wednesday, 2 September 2020, being the last day for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares or such other time or date as the Company and the Underwriter may agree in writing;
“GEM”	GEM of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM;
“Greatwalle”	Greatwalle Holding Limited (長城匯理控股有限公司), a company incorporated in Hong Kong with limited liability;
“Group”	the Company and its subsidiaries;
“HKSCC”	Hong Kong Securities Clearing Company Limited;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons within the meaning of the GEM Listing Rules;
“Irrevocable Undertaking”	a deed of irrevocable undertaking entered into on 5 August 2020 by Greatwalle in favour of the Company;
“Last Trading Day”	Wednesday, 5 August 2020, being the last full trading day before the release of this announcement;
“Latest Time for Acceptance”	4:00 p.m. on Wednesday, 2 September 2020 or such later time or date as may be agreed between the Company and the Underwriter in writing, being the latest time for acceptance of, and payment for, the Rights Shares and application for and payment for Excess Rights Shares as described in the Prospectus;
“Latest Time for Termination”	4:00 p.m. on Friday, 4 September 2020 or such later time or date as may be agreed between the Company and the Underwriter in writing, being the second Business Day after the Latest Time for Acceptance, which shall be the latest time for termination of the Underwriting Agreement;

“Listing Division”	the listing division of the Stock Exchange (with responsibility for GEM);
“Net Proceeds”	the net proceeds from the Rights Issue;
“Overseas Letter”	a letter from the Company to the Excluded Shareholder(s) (if any) explaining the circumstances in which the Excluded Shareholder(s) (if any) is/are not permitted to participate in the Rights Issue;
“Overseas Shareholder(s)”	the Shareholder(s) (whose names appear on the register of members of the Company at the close of business on the Record Date) with registered address(es) outside Hong Kong;
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue;
“Posting Date”	Wednesday, 19 August 2020 or such other date as may be agreed between the Underwriter and the Company, being the date on which the Prospectus Documents are posted to the Qualifying Shareholders;
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan;
“Prospectus”	the prospectus to be issued to the Shareholders containing, among other things, details of the Rights Issues;
“Prospectus Documents”	the Prospectus, the PAL and the EAF;
“Qualifying Shareholders”	Shareholders, other than the Excluded Shareholders, whose names appear on the register of members of the Company at the close of business on the Record Date;
“Record Date”	Tuesday, 18 August 2020 or on such other date as may be agreed between the Underwriter and the Company, being the date by reference to which the Shareholders’ entitlements to the Rights Issue are to be determined;
“Registrar”	Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company;

“Rights Issue”	the issue by way of rights of one (1) Rights Share for every three (3) Shares in issue on the Record Date at the Subscription Price;
“Rights Share(s)”	not less than 415,439,174 new Shares (assuming no change in the number of Shares in issue on or before the Record Date) and not more than 460,658,702 new Shares (assuming no change in the number of Shares in issue on or before the Record Date other than the full exercise of outstanding Share Options) proposed to be allotted and issued under the Rights Issue;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	The Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
“Share(s)”	the ordinary shares in the issued share capital of the Company;
“Share Options”	135,658,584 outstanding options to subscribe for 135,658,584 Shares granted under the Share Option Scheme;
“Share Option Scheme”	the share option scheme adopted by the Company on 31 July 2014;
“Shareholder(s)”	holder(s) of Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Price”	the subscription price of HK\$0.05 per Rights Share under the Rights Issue;
“substantial shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules;
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers;
“Underwriter”	First Capital Securities Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation to carry on business in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO;

“Underwriting Agreement”	the underwriting agreement dated 5 August 2020 entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Rights Issue, and as revised, supplemented and/or amended from time to time;
“Underwritten Shares”	Up to 230,077,395 Rights Shares underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement;
“Untaken Shares”	those (if any) of the Rights Shares in respect of which valid applications under the PALs and EAFs have not been lodged for acceptance, or received, as the case may be, on or before the Latest Time for Acceptance; and
“%”	per cent.

By order of the Board
Greatwalle Inc.
Song Xiaoming
Chairman and executive Director

Hong Kong, 5 August 2020

As at the date of this announcement, the executive Directors are Mr. Song Xiaoming, Ms. Pang Xiaoli, Mr. Hon Hoi Chuen and Ms. Lin Shuxian; the non-executive Director is Mr. Chung Man Lai; and the independent non-executive Directors are Ms. Guan Yan, Mr. Zhao Jinsong and Mr. Li Zhongfei.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting and on the Company’s website at www.kingforce.com.hk.