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**國農金融投資有限公司**  
**China Demeter Financial Investments Limited**

*(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)*  
**(Stock Code: 8120)**

**(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE RIGHTS  
SHARES FOR EVERY ONE EXISTING SHARE HELD ON  
THE RECORD DATE;  
(2) CONNECTED TRANSACTION;  
AND  
(3) APPLICATION FOR WHITEWASH WAIVER**

**Underwriter to the Rights Issue**  
**Trinity Worldwide Capital Holding Limited**

**Independent Financial Adviser to**  
**the Independent Board Committee and the Independent Shareholders**



**Pelican Financial Limited**

**PROPOSED RIGHTS ISSUE**

The Company proposes to raise, before expenses, not less than approximately HK\$45.9 million by issuing not less than 459,088,545 Rights Shares and not more than approximately HK\$49.6 million by issuing not more than 495,808,545 Rights Shares on the basis of three (3) Rights Shares for every one (1) Share held on the Record Date at the Subscription Price of HK\$0.10 per Rights Share. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders.

Based on the 153,029,515 Shares in issue as at the date of this announcement and assuming that there is no change in the issued share capital of the Company from the date of this announcement up to the Record Date, upon completion of the Rights Issue, 459,088,545 Rights Shares will be issued. If the Existing Share Options (other than those undertaken not to be exercised pursuant to the Irrevocable Undertakings) were exercised in full on or before the Record Date, upon completion of the Rights Issue, 495,808,545 Rights Shares would be issued.

To qualify for the Rights Issue, a Qualifying Shareholder must be registered as a member of the Company on the Record Date. In order to be registered as a member of the Company on the Record Date, any transfer of the Shares and relevant transfer documents (together with the relevant share certificates) must be lodged with the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Thursday, 3 June 2021. According to the expected timetable, the last day of dealings in the Shares on a cum-rights basis is Tuesday, 1 June 2021 and the Shares will be dealt with on an ex-rights basis from Wednesday, 2 June 2021. The Rights Shares are expected to be dealt with in their nil-paid form from Wednesday, 16 June 2021 to Wednesday, 23 June 2021 (both dates inclusive). The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both the nil-paid and fully-paid forms.

### **Irrevocable Undertakings**

As at the date of this announcement, (1) Mr. Ng Ting Kit, a substantial Shareholder, owns an aggregate of 25,925,000 Shares, representing approximately 16.94% of the existing issued Shares; (2) Mr. Ng Man Chun Paul, the chairman of the Board and an executive Director, owns an aggregate of 961,250 Shares, representing approximately 0.63% of the existing issued Shares, and the holder of Existing Share Options entitling him to subscribe for a maximum of 1,530,000 new Shares; and (3) Mr. Ng Ting Ho, the chief executive officer of the Company and an executive Director, owns an aggregate of 961,250 Shares, representing approximately 0.63% of the existing issued Shares, and the holder of Existing Share Options entitling him to subscribe for a maximum of 1,530,000 new Shares.

Pursuant to the Irrevocable Undertakings, each of Mr. Ng Ting Kit, Mr. Ng Man Chun Paul and Mr. Ng Ting Ho has provided irrevocable and unconditional undertakings to the Company that (a) all the above Shares and (where applicable) the Existing Share Options held by them will continue to be beneficially owned by each of them on the Record Date; (b) each of them will accept and pay for all the Rights Shares to be provisionally allotted to each of them under the Rights Issue pursuant to the terms and conditions of the Prospectus Documents; and (c) each of Mr. Ng Man Chun Paul and Mr. Ng Ting Ho shall not exercise any of his Existing Share Options up to the date of allotment and issue of the Rights Shares (in their fully-paid form) under the Rights Issue.

## **The Placing Agreement**

After trading hours on 29 March 2021, the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to procure Placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares as the Compensatory Arrangements.

## **THE UNDERWRITING AGREEMENT**

The Rights Issue will be fully underwritten by the Underwriter. Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to underwrite not less than 375,546,045 Rights Shares to 412,266,045 Rights Shares (being the Rights Shares other than the 83,542,500 Rights Shares that have been undertaken to be subscribed by Mr. Ng Ting Kit, Mr. Ng Man Chun Paul and Mr. Ng Ting Ho pursuant to the Irrevocable Undertakings) on the terms and subject to the conditions set out in the Underwriting Agreement. Details of the major terms and conditions of the Underwriting Agreement are set out in the section headed “The Underwriting Agreement” in this announcement.

## **GEM LISTING RULES IMPLICATIONS**

### **Rights Issue**

As the Rights Issue, if proceeded with, will increase the number of the issued Shares by more than 50%, the Rights Issue is conditional on approval by the Independent Shareholders at the SGM by a resolution on which the Directors (excluding the independent non-executive Directors) and chief executive of the Company and their respective associates shall abstain from voting in favour under Rule 10.29(1) of the GEM Listing Rules since there is no controlling Shareholder. As such, Mr. Ng Man Chun Paul and Mr. Ng Ting Ho and their respective associates (including Mr. Ng Ting Kit) shall abstain from voting in favour of the resolution(s) to approve the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder at the SGM.

### **Underwriting Agreement**

The Underwriter is wholly-owned by Mr. Ng Ting Kit. As at the date of this announcement, Mr. Ng Ting Kit is beneficially interested in 25,925,000 Shares, representing approximately 16.94% of the existing issued Shares. As such, the Underwriter is a connected person of the Company under Chapter 20 of the GEM Listing Rules and the transactions contemplated under the Underwriting Agreement constitute connected transactions for the Company under the GEM Listing Rules and are subject to the reporting, announcement and Independent Shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules.

## **TAKEOVERS CODE IMPLICATIONS AND APPLICATION FOR WHITEWASH WAIVER**

As at the date of this announcement, the Underwriter and parties acting in concert with it (comprising the Underwriter, Mr. Ng Ting Kit, Mr. Ng Man Chun Paul and Mr. Ng Ting Ho), taken together, in aggregate, hold 27,847,500 Shares, representing approximately 18.20% of the issued share capital of the Company.

If there had been no acceptance by the Qualifying Shareholders under the Rights Issue (other than the acceptance of Mr. Ng Ting Kit, Mr. Ng Man Chun Paul and Mr. Ng Ting Ho pursuant to the Irrevocable Undertakings) and no placement can be made under the Compensatory Arrangements, upon completion of the Rights Issue, the Underwriter will be required to take up the Underwritten Shares and in such circumstances, the aggregate shareholding held by the Underwriter and parties acting in concert with it (comprising the Underwriter, Mr. Ng Ting Kit, Mr. Ng Man Chun Paul and Mr. Ng Ting Ho), would amount to approximately 79.55% to 79.21% of the issued share capital of the Company as enlarged by the Rights Shares. Accordingly, such increase of voting rights of the Company of the Underwriter would therefore trigger an obligation of the Underwriter, Mr. Ng Ting Kit and parties acting in concert with any one of them to make a mandatory general offer for all the issued Shares not already owned or agreed to be acquired by the Underwriter, Mr. Ng Ting Kit and parties acting in concert with any one of them under Rule 26 of the Takeovers Code, unless the Whitewash Waiver is granted by the Executive. As at the date of this announcement, neither the Underwriter, Mr. Ng Ting Kit nor any parties acting in concert with any one of them has dealt in any relevant securities of the Company in the 6-month period preceding the date of this announcement.

An application will be made by the Underwriter to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among others, (i) the approval by at least 75% of the Independent Shareholders at the SGM by way of poll; and (ii) the approval by more than 50% of the Independent Shareholders at the SGM by way of poll in respect of the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder. If the Whitewash Waiver is not granted by the Executive or not approved by the Independent Shareholders, the Rights Issue will not proceed.

## **ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER**

The Company has established the Independent Board Committee, comprising all the independent non-executive Directors (namely Mr. Chan Hin Hang, Mr. Yum Edward Liang Hsien and Mr. Hung Kenneth), to provide recommendation to the Independent Shareholders as to whether the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver are fair and reasonable and on how to vote at the SGM.

Pelican Financial Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver.

The appointment of the Independent Financial Adviser has been approved by the Independent Board Committee.

## **DESPATCH OF CIRCULAR**

Pursuant to Rule 8.2 of the Takeovers Code, a circular containing, among others, (i) further details of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver; (ii) a letter from the Independent Board Committee; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee in respect of the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver; (iv) other information required under the GEM Listing Rules and the Takeovers Code; and (v) a notice convening the SGM, shall be despatched within 21 days of the date of this announcement, or such later date as the Executive may approve. As additional time is required to finalise certain information concerning the Group including the financial information to be included in the circular and the letter from the Independent Financial Adviser, it is expected that the circular is to be despatched on or before 7 May 2021. Accordingly, an application shall be made to the Executive for a waiver from strict compliance with Rule 8.2 of the Takeovers Code to grant its consent for an extension of time for the despatch of the circular to a date falling on or before 7 May 2021.

Subject to, among others, the Rights Issue, the Underwriting Agreement and the Whitewash Waiver being approved at the SGM, 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.

## **WARNING OF THE RISKS OF DEALING IN THE 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 section headed “The Underwriting Agreement – Termination of the Underwriting Agreement” in this announcement). Accordingly, the Rights Issue may or may not proceed.**

## PROPOSED RIGHTS ISSUE

The Company proposes to raise, before expenses, not less than approximately HK\$45.9 million by issuing not less than 459,088,545 Rights Shares and not more than approximately HK\$49.6 million by issuing not more than 495,808,545 Rights Shares on the basis of three (3) Rights Shares for every one (1) Share held on the Record Date at the Subscription Price of HK\$0.10 per Rights Share. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to Non-Qualifying Shareholders.

### Issue statistics

Basis of the Rights Issue : Three (3) Rights Shares for every one (1) Share held on the Record Date

Subscription Price : HK\$0.10 per Rights Share

Number of Shares in issue : 153,029,515 Shares  
as at the date of this  
announcement

Number of Rights Shares : Not less than 459,088,545 Shares and not more than 495,808,545 Shares, assuming no further issue of new Share(s) and no repurchase of Share(s) on or before the Record Date

Aggregate nominal value of : Not less than approximately HK\$4.59 million and not more than  
the Rights Shares approximately HK\$4.96 million

Amount to be raised : Not less than approximately HK\$45.9 million and not more than  
approximately HK\$49.6 million before expenses

As at the date of this announcement, save for the outstanding Existing Share Options carrying the right to subscribe for a total number of 15,300,000 Shares at an exercise price of HK\$0.2392 per Share and exercisable from 12 October 2020 to 11 October 2021 (both days inclusive), the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

The number of the Rights Shares which may be issued pursuant to the Rights Issue will be increased in proportion to any Shares which may be allotted and issued pursuant to the exercise of the Existing Share Options on or before the Record Date.

Based on the 153,029,515 Shares in issue as at the date of this announcement and assuming that there is no change in the issued share capital of the Company from the date of this announcement up to the Record Date, upon completion of the Rights Issue, 459,088,545 Rights Shares will be issued. If the Existing Share Options (other than those undertaken not to be exercised pursuant to the Irrevocable Undertakings) were exercised in full on or before the Record Date, upon completion of the Rights Issue, 495,808,545 Rights Shares would be issued.

Assuming that there is no change in the issued share capital of the Company from the date of this announcement up to the completion of the Rights Issue, the minimum aggregate number of 459,088,545 Rights Shares proposed to be allotted and issued pursuant to the Rights Issue represents: (i) 300% of the issued share capital of the Company as at the date of this announcement; and (ii) 75% of the enlarged issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares immediately after completion of the Rights Issue.

Assuming that the Existing Share Options (other than those undertaken not to be exercised pursuant to the Irrevocable Undertakings) were exercised in full on or before the Record Date and there would be no other change in the issued share capital of the Company from the date of this announcement up to the completion of the Rights Issue, the number of the total Shares in issue as at the Record Date would be 165,269,515 Shares and the maximum aggregate number of 495,808,545 Rights Shares proposed to be allotted and issued pursuant to the Rights Issue represents: (i) 300% of the existing issued share capital of the Company as enlarged by the allotment and issue of the Shares pursuant to the full exercise of the Existing Share Options (other than those undertaken not to be exercised pursuant to the Irrevocable Undertakings); and (ii) approximately 75% of the enlarged issued share capital of the Company as enlarged by the allotment and issue of the Shares pursuant to the full exercise of the Existing Share Options (other than those undertaken not to be exercised pursuant to the Irrevocable Undertakings) and issue of the Rights Shares immediately after completion of the Rights Issue.

### **Basis of provisional allotments**

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

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by 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.

## Subscription price

The Subscription Price is HK\$0.10 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (1) a discount of approximately 17.36% to the closing price of HK\$0.121 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (2) a discount of approximately 4.99% to the theoretical ex-rights price of approximately HK\$0.10525 per Share based on the closing price of HK\$0.121 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (3) a discount of approximately 20.38% to the average closing price of HK\$0.1256 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day;
- (4) a discount of approximately 6.02% to the theoretical ex-rights price of approximately HK\$0.1064 based on the average closing price of HK\$0.1256 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day;
- (5) a discount of approximately 22.30% to the average closing price of HK\$0.1287 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day;
- (6) a discount of approximately 6.69% to the theoretical ex-rights price of approximately HK\$0.107175 based on the average closing price of HK\$0.1287 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day;
- (7) a discount of approximately 86.11% to the audited consolidated net asset value per Share of approximately HK\$0.720 based on the published audited consolidated net asset value of the Company of approximately HK\$110.1 million as at 31 December 2020 as extracted from the annual results announcement of the Company for the year ended 31 December 2020 and the issued share capital of the Company of 153,029,515 Shares as at the date of this announcement; and
- (8) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) represented by a discount of approximately 15.29% of the theoretical diluted price of HK\$0.1064 per Share to the benchmarked price of HK\$0.1256 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$0.121 per Share and the average closing prices of the Shares as quoted on the Stock Exchange in the 5 consecutive trading days immediately prior to the Last Trading Day of HK\$0.1256 per Share).



The Subscription Price was arrived at after arm's length negotiations between the Company and the Underwriter with reference to, amongst other factors, (i) the recent closing prices of the Shares; (ii) the financial position of the Group; (iii) the amount of the intended funding needs; and (iv) the reasons and benefits of the Rights Issue as discussed in the section headed "Reasons for the Rights Issue" in this announcement.

In view of the above, and having considered that all the Qualifying Shareholders will be offered equal opportunity to subscribe for the Rights Shares by way of provisional allotment, the Directors (excluding the members of the Independent Board Committee whose opinion will be set forth in the circular of the Company after having been advised by the Independent Financial Adviser) consider that the terms of the Rights Issue and the Underwriting Agreement, including the Subscription Price, are fair and reasonable and in the best 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 provisional allotment of Rights Shares will be approximately HK\$0.094, representing (1) a discount of approximately 22.31% to the closing price of HK\$0.121 per Share as quoted on the Stock Exchange on the Last Trading Day; and (2) a discount of approximately 10.69% to the theoretical ex-rights price of approximately HK\$0.10525 per Share based on the closing price of HK\$0.121 per Share as quoted on the Stock Exchange on the Last Trading Day.

### **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.

Investors whose Shares are held by nominee companies should note that the Board will regard a nominee company as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. Shareholders and investors should consult their professional advisers if they are in any doubt as to their status.

In order to be registered as members of the Company at the close of business on the Record Date, any relevant transfer documents (together with the relevant share certificates) must be lodged with the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Thursday, 3 June 2021. It is expected that the last day of dealings in the Shares on a cum-rights basis is Tuesday, 1 June 2021 and the Shares will be dealt with on an ex-rights basis from Wednesday, 2 June 2021.

The Qualifying Shareholders who take up their pro-rata entitlement in full will not experience any dilution to their interests in the Company. **If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.**

For Shareholders with an address outside Hong Kong on the register of members of the Company at the close of business on the Record Date, please refer to the paragraph headed “Non-Qualifying Shareholders” below.

### **Non-Qualifying Shareholders**

The 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 17.41(1) of the GEM 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.

The result of the enquiries and the basis of the exclusion, if any, will be included in the Prospectus. The Company will send the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send any PAL to them.

The Non-Qualifying Shareholders (which are excluded from the Rights Issue) will not have any entitlement under the Rights Issue. Nonetheless, 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 dealing in nil-paid Rights Shares commence and before dealing 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.

The Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form that have not been sold by the Company, i.e. the NQS Unold Rights Shares, together with the Unsubscribed Rights Shares, shall be subject to the Compensatory Arrangements, as further described in the paragraph headed “Procedures in respect of the Unsubscribed Rights Shares and the NQS Unold Rights Shares, and the Compensatory Arrangements” below.

## **Closure of register of members**

The register of members of the Company will be closed from Wednesday, 26 May 2021 to Monday, 31 May 2021 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the SGM.

The register of members of the Company will also be closed from Friday, 4 June 2021 to Thursday, 10 June 2021 (both days inclusive) for determining the entitlements to the Rights Issue.

No transfer of Shares will be registered during the above book closure periods.

## **Fractions of Rights Shares**

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

## **Status of Rights Shares**

The Rights Shares, when allotted and fully paid, will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions, which are declared, made or paid, the record date of which is after the date of allotment of the Rights Shares in their fully-paid form.

## **Share certificates 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, 8 July 2021 by ordinary post to the allottees, at their own risk, to their registered addresses. Each allottee will receive one share certificate for all allotted Rights Shares.

## **Odd lots matching services**

In order to alleviate the difficulties arising from the existence of odd lots of Rights Shares arising from the Rights Issue, the Company will arrange the odd lots matching services, 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 holdings of odd lots of the Rights Shares. Details of the odd lots arrangement will be set out in the circular to be despatched to the Shareholders in respect of, among others, the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver.

## **Application for listing**

The Company will apply to the 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 the 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 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 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 stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy and any other applicable fees and charges in Hong Kong.

No part of the share capital of the Company is listed or dealt in or for which listing or permission to deal in is being or is proposed to be sought on any other stock exchange, save for the Stock Exchange.

## **Irrevocable Undertakings**

As at the date of this announcement, (1) Mr. Ng Ting Kit, a substantial Shareholder, owns an aggregate of 25,925,000 Shares, representing approximately 16.94% of the existing issued Shares; (2) Mr. Ng Man Chun Paul, the chairman of the Board and an executive Director, owns an aggregate of 961,250 Shares, representing approximately 0.63% of the existing issued Shares, and the holder of Existing Share Options entitling him to subscribe for a maximum of 1,530,000 new Shares; and (3) Mr. Ng Ting Ho, the chief executive officer of the Company and an executive Director, owns an aggregate of 961,250 Shares, representing approximately 0.63% of the existing issued Shares, and the holder of Existing Share Options entitling him to subscribe for a maximum of 1,530,000 new Shares.

Pursuant to the Irrevocable Undertakings, each of Mr. Ng Ting Kit, Mr. Ng Man Chun Paul and Mr. Ng Ting Ho has provided irrevocable and unconditional undertakings to the Company that (a) all the above Shares and (where applicable) the Existing Share Options held by them will continue to be beneficially owned by each of them on the Record Date; (b) each of them will accept and pay for all the Rights Shares to be provisionally allotted to each of them under the Rights Issue pursuant to the terms and conditions of the Prospectus Documents; and (c) each of Mr. Ng Man Chun Paul and Mr. Ng Ting Ho shall not exercise any of his Existing Share Options up to the date of allotment and issue of the Rights Issue (in their fully-paid form) under the Rights Issue. The Irrevocable Undertakings shall automatically lapse and be of no further force and effect in the event the Underwriting Agreement is terminated in accordance with its terms at or before the Latest Time for Termination or upon completion of the Rights Issue.

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

Pursuant to Rule 10.31(2) of the GEM Listing Rules, as the Underwriter is wholly-owned by Mr. Ng Ting Kit, a substantial Shareholder owning an aggregate of 25,925,000 Shares, representing approximately 16.94% of the existing issued Shares, the Company must make arrangements described in Rule 10.31(1)(b) of the GEM Listing Rules to dispose of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by offering the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent places for the benefit of the Shareholders to whom they were offered by way of the rights. There will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 10.31(1)(a) of the GEM Listing Rules.

The Company has appointed the Placing Agent to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares after the Latest Time for Acceptance to independent places on a best effort basis, and any premium over the aggregate amount of (i) the Subscription Price for those Rights Shares; and (ii) the expenses of the Placing Agent (including any other related expenses/fees), that is realised from the Placing will be paid to those No Action Shareholders. The Placing Agent will, on a best effort basis, procure, by not later than 4:00 p.m. on Monday, 5 July 2021, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and the NQS Unsold Rights Shares at a price not less than the Subscription Price. Any unsold Unsubscribed Rights Shares and the NQS Unsold Rights Shares under the Compensatory Arrangements will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

Net Gain (if any) will be paid on pro-rata basis (on the basis of all Unsubscribed Rights Shares and NQS Unsold Rights Shares) to the No Action Shareholders (but rounded down to the nearest cent) as set out below:

- (1) the Qualifying Shareholders who did not subscribe for the Rights Shares (whether partially or fully) under the PALs and their renounees;

- (2) such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed; and
- (3) the Non-Qualifying Shareholders in respect of the NQS Unsold Rights Shares.

It is proposed that Net Gain to any of the No Action Shareholder(s) mentioned in (1) to (3) above which is in an amount of HK\$100 or more will be paid to them in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit.

### **The Placing Agreement**

After trading hours on 29 March 2021, the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to procure Placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares. Details of the Placing Agreement are as follows:

Date : 29 March 2021

Placing Agent : Kingkey Securities Group Limited was appointed as the Placing Agent to procure, on a best effort basis, Placees to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares.

The Placing Agent confirmed that each of it and its ultimate beneficial owner(s) is independent of and not connected with the Company and its connected persons or any of their respective associates and not acting in concert with the Underwriter, Mr. Ng Ting Kit and parties acting in concert with any one of them. It is also a term of the Placing Agreement that each of the sub-placing agent(s), if any is appointed by the Placing Agent, and their ultimate beneficial owner(s) is also independent of and not connected with the Company and its connected persons or any of their respective associates and not acting in concert with the Underwriter, Mr. Ng Ting Kit and parties acting in concert with any one of them.

As at the date of this announcement, each of the Placing Agent and its ultimate beneficial owner(s) and their respective concert parties does not hold any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company, and no sub-placing agents has been appointed by the Placing Agent as at the date of this announcement.

Placing fee	: 2% of the aggregate placing price of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares successfully placed by or on behalf of the Placing Agent.
Placing price of the Unsubscribed Rights Shares and/or and the NQS Unsold Rights Shares (as the case maybe)	: The placing price of the Unsubscribed Rights Shares and/or the NQS Unsold Rights Shares (as the case maybe) shall be not less than the Subscription Price.  The final price determination is dependent on the demand and market conditions of the Unsubscribed Rights Shares and/or the NQS Unsold Rights Shares during the process of placement.
Placees	: The Unsubscribed Rights Shares and the NQS Unsold Rights Shares are expected to be placed to the Placee(s) who and whose ultimate beneficial owner(s) shall be the Independent Third Party(ies).
Ranking of Unsubscribed Rights Shares and the NQS Unsold Rights Shares	: Unsubscribed Rights Shares and the NQS Unsold Rights Shares (when placed, allotted, issued and fully paid) shall rank pari passu in all respects among themselves and with the Shares then in issue.
Condition Precedent	: The obligations of the Placing Agent under the Placing Agreement are conditional upon the Underwriting Agreement becoming unconditional.
Placing Completion Date	: Thursday, 8 July 2021 or such other date as the Company and the Placing Agent may agree in writing.
Termination	: If, prior to the Latest Placing Time: <ul style="list-style-type: none"> <li>(1) in the reasonable opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by: <ul style="list-style-type: none"> <li>(a) the introduction of any new 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 Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Placing; or</li> </ul> </li> </ul>

- (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, 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 Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
  - (c) any materially adverse change in the business or in the financial or trading position of the Group as a whole; or
  - (d) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or
- (2) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions which includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs in Hong Kong, the United States of America or the PRC which in the reasonable opinion of the Placing Agent makes it inexpedient or inadvisable to proceed with the Placing,

the Placing Agent shall be entitled, without any liability to the Company, by notice in writing to the Company served prior to the Latest Placing Time, to terminate the Placing Agreement.

The terms of the Placing Agreement (including the placing fee) were determined after arm's length negotiation between the Placing Agent and the Company and are on normal commercial terms. The Directors consider that the placing fee charged by the Placing Agent is no less favourable to the Company than the market rate in recent placing transactions and are therefore of the view that the terms of the Placing Agreement are on normal commercial terms.

Given that the Compensatory Arrangements would provide (1) a distribution channel of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to the Company; (2) channel of participation in the Rights Issue for independent investors; and (3) a compensatory mechanism for No Action Shareholders, the Directors consider that the Compensatory Arrangements are fair and reasonable and would provide adequate safeguard to protect the interest of the Company's minority Shareholders.



## THE UNDERWRITING AGREEMENT

The Underwriter and the Company entered into the Underwriting Agreement pursuant to which the Underwriter has conditionally agreed to fully underwrite all the Rights Shares other than those agreed to be taken up by Mr. Ng Ting Kit, Mr. Ng Man Chun Paul and Mr. Ng Ting Ho pursuant to the Irrevocable Undertakings. Material terms of the Underwriting Agreement are set out below:

Date : 29 March 2021

Underwriter : Trinity Worldwide Capital Holding Limited. Please refer to the paragraph headed “The Underwriting Agreement – Information on the Underwriter” in this announcement below.

Total number of Rights Shares underwritten by the Underwriter : 375,546,045 Rights Shares to 412,266,045 Rights Shares (being all the Rights Shares other than the 83,542,500 Rights Shares that have been undertaken to be subscribed by Mr. Ng Ting Kit, Mr. Ng Man Chun Paul and Mr. Ng Ting Ho pursuant to the Irrevocable Undertakings).

Commission : The Underwriter will not receive any underwriting commission.

The terms of the Underwriting Agreement were determined after arm’s length negotiation between the Company and the Underwriter by reference to the existing financial position of the Group, the size of the Rights Issue, and the market conditions.

It is not in the ordinary course of business of the Underwriter to underwrite issues of shares. The Underwriter’s role as an underwriter in respect of the Rights Issue, together with the Irrevocable Undertaking given by Mr. Ng Ting Kit, signify strong support from the substantial Shareholder to the Group and his confidence in the development of the Group.

Having considered the above, the Directors (excluding the members of the Independent Board Committee whose opinion will be set forth in the circular of the Company after having been advised by the Independent Financial Adviser) consider that the Underwriter, a company wholly-owned by the substantial Shareholder who is willing to support the continuing growth of the Group, as the underwriter for the Rights Issue is in the interests of the Company and the Shareholders as a whole, and that the terms of the Underwriting Agreement are fair and reasonable and the transactions contemplated under the Underwriting Agreement are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

## **Information on the Underwriter**

The Underwriter is an investment holding company incorporated in British Virgin Islands with limited liability and is not engaged in underwriting of issue of securities in its ordinary course of business. The Underwriter is wholly-owned by Mr. Ng Ting Kit, a substantial Shareholder who is a cousin of Mr. Ng Man Chun Paul, the chairman of the Board and an executive Director, and the elder brother of Mr. Ng Ting Ho, the chief executive officer of the Company and an executive Director. As at the date of this announcement, Mr. Ng Ting Kit is beneficially interested in 25,925,000 Shares, representing approximately 16.94% of the existing issued Shares. As such, the Underwriter complies with Rule 10.24A(2) of the GEM Listing Rules. Therefore, the Underwriter is a connected person of the Company under Chapter 20 of the GEM Listing Rules.

## **Conditions of the Underwriting Agreement**

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

- (1) the passing by the Independent Shareholders at the SGM of (i) ordinary resolutions to approve the Rights Issue (including, but not limited to, the exclusion of the offer of the Rights Shares to the Non-Qualifying Shareholders) and the Underwriting Agreement; and (ii) a special resolution to approve the Whitewash Waiver by no later than the Prospectus Posting Date;
- (2) the Executive granting the Whitewash Waiver to the Underwriter and the satisfaction of any condition attached to the Whitewash Waiver granted;
- (3) the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in all the Rights Shares (in their nil-paid and fully-paid forms) by no later than the Prospectus Posting Date;
- (4) the filing and registration of all relevant documents with the Registrar of Companies in Hong Kong by no later than the Prospectus Posting Date;
- (5) the posting of the Prospectus Documents to Qualifying Shareholders on the Prospectus Posting Date;
- (6) the Underwriting Agreement not being terminated by the Underwriter pursuant to the terms thereof on or before the Latest Time for Termination;
- (7) the entering into of the Placing Agreement;
- (8) the delivery of the duly signed Irrevocable Undertakings to the Company;

- (9) the SFC having granted the necessary approval or consent for the Underwriter to become a substantial shareholder of the Licensed Subsidiary under the SFO as a result of the taking up of the Underwritten Shares by the Underwriter pursuant to its obligations under the Underwriting Agreement; and
- (10) compliance with and performance of all the undertakings and obligations of the signatory of each of the Irrevocable Undertakings.

None of the above conditions precedent is capable of being waived. If any of the conditions precedent are not satisfied by the Latest Time for Termination (or such later time and/or date as the Underwriter may agree with the Company in writing), the Underwriting Agreement shall terminate and no party will have any claim against any other party for costs, damages, compensation or otherwise.

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

If, prior to the Latest Time for Termination:

- (1) in the reasonable opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
  - (a) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the 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 of the Underwriting Agreement), of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of the Underwriter, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
  - (c) any materially adverse change in the business or in the financial or trading position of the Group as a whole; or
  - (d) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or

- (2) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions which includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs in Hong Kong, the United States of America or the PRC which in the reasonable opinion of the Underwriter makes it inexpedient or inadvisable to proceed with the Rights Issue,

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

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (1) any material breach of any of the warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (2) any event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the representations, warranties and undertakings contained in the Underwriting Agreement untrue or incorrect in any material respect comes to the knowledge of the Underwriter.

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination.

**If the Underwriter terminates the Underwriting Agreement in accordance with the terms thereof, the Rights Issue will not proceed.**

## **EXPECTED TIMETABLE FOR THE RIGHTS ISSUE**

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

<b>Event</b>	<b>2021</b>
Expected date of despatch of Circular and the notice of SGM . . . . .	Friday, 7 May
Latest time for lodging transfer of Shares in order to be qualified for attendance and voting at the SGM. . . . .	4:30 p.m. on Tuesday, 25 May

Register of members of the Company closes (both dates inclusive) . . . . .	Wednesday, 26 May to Monday, 31 May
Latest time for lodging proxy forms for the SGM (not less than 48 hours prior to the time of the SGM) . . . . .	11:00 a.m. on Saturday, 29 May
Record date for determining attendance and voting at SGM . . . . .	Monday, 31 May
<b>Date and time of the SGM . . . . .</b>	<b>11:00 a.m. on Monday, 31 May</b>
Announcement of results of the SGM . . . . .	Monday, 31 May
Last day of dealings in the Shares on a cum-rights basis. . . . .	Tuesday, 1 June
First day of dealings in the Shares on an ex-rights basis. . . . .	Wednesday, 2 June
Latest time for lodging transfer of Shares in order to be qualified for the Rights Issue . . . . .	4:30 p.m. on Thursday, 3 June
Register of members of the Company closes (both days inclusive) . . . . .	Friday, 4 June to Thursday, 10 June
Record Date for the Rights Issue. . . . .	Thursday, 10 June
Register of members of the Company re-opens. . . . .	Friday, 11 June
Despatch of the Prospectus Documents. . . . .	Friday, 11 June
First day of dealings in nil-paid Rights Shares . . . . .	9:00 a.m. on Wednesday, 16 June
Latest time for splitting of nil-paid Rights Shares. . . . .	4:30 p.m. on Friday, 18 June

Last day of dealings in nil-paid Rights Shares .....	4:00 p.m. on Wednesday, 23 June
<b>Latest time for lodging transfer documents of nil-paid Rights Shares in order to qualify for the Compensatory Arrangements .....</b>	<b>4:00 p.m. on Monday, 28 June</b>
<b>Latest Time for Acceptance of and payment for the Rights Shares.....</b>	<b>4:00 p.m. on Monday, 28 June</b>
Latest time for termination of the Underwriting Agreement and for the Rights Issue to become unconditional .....	4:30 p.m. on Wednesday, 30 June
Announcement of the number of Unsubscribed Rights Shares subject to the Compensatory Arrangements and the NQS Unsold Rights Shares .....	Wednesday, 30 June
Commencement of placing of Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent .....	Wednesday, 30 June
Latest time of placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent .....	4:00 p.m. on Monday, 5 July

Announcement of results of the Rights Issue

(including results of the placing of Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the amount of the Net Gain per Unsubscribed Rights Shares under the Compensatory Arrangements and the NQS Unsold Rights Shares). . . . . Wednesday, 7 July

Refund cheques, if any, to be despatched

(if the Rights Issue is terminated) on or before . . . . . Thursday, 8 July

Despatch of certificates for fully-paid Rights

Shares and refund cheques (if any) on or before . . . . . Thursday, 8 July

Designated broker starts to stand in the market

to provide matching services for odd lots of Shares . . . . . 9:00 a.m. on  
Friday, 9 July

Dealings in fully-paid Rights Shares commence . . . . .

9:00 a.m. on  
Friday, 9 July

Payment of Net Gain to relevant No Action Shareholders (if any) . . . . . Friday, 23 July

The last day for the designated broker

to provide matching services for odd lots of Shares . . . . . Friday, 30 July

The expected timetable is subject to change, and any such change will be further announced by the Company as and when appropriate.

## SHAREHOLDING STRUCTURE OF THE COMPANY

If the Rights Issue is to proceed, for illustration purposes only:

- (1) Assuming that there is no change in the shareholding structure of the Company from the date of this announcement up to the completion of the Rights Issue:

	(i)		(ii)		(iii)		(iv)	
	As at the date of this announcement		Immediately after completion of the Rights Issue assuming full acceptance of the Rights Shares by the Qualifying Shareholders		Immediately after completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders other than those who have provided Irrevocable Undertakings and 100% of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares are fully placed to the Placees under the Compensatory Arrangements		Immediately after completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders other than those who have provided Irrevocable Undertakings and 100% of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares are taken up by the Underwriter (Note 5)	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Ng Ting Kit (Note 1)	25,925,000	16.94	103,700,000	16.94	103,700,000	16.94	103,700,000	16.94
Ng Man Chun Paul (Note 2)	961,250	0.63	3,845,000	0.63	3,845,000	0.63	3,845,000	0.63
Ng Ting Ho (Note 3)	961,250	0.63	3,845,000	0.63	3,845,000	0.63	3,845,000	0.63
Underwriter (Note 4)	–	–	–	–	–	–	375,546,045	61.35
<i>Sub-total of the Underwriter and parties acting in concert with it</i>	<i>27,847,500</i>	<i>18.20</i>	<i>111,390,000</i>	<i>18.20</i>	<i>111,390,000</i>	<i>18.20</i>	<i>486,936,045</i>	<i>79.55</i>
Other public Shareholders	125,182,015	81.80	500,728,060	81.80	500,728,060	81.80	125,182,015	20.45
<b>Total</b>	<b>153,029,515</b>	<b>100.00</b>	<b>612,118,060</b>	<b>100.00</b>	<b>612,118,060</b>	<b>100.00</b>	<b>612,118,060</b>	<b>100.00</b>



- (2) Assuming that (i) the Existing Share Options (other than those undertaken not to be exercised pursuant to the Irrevocable Undertakings) were exercised in full on or before the Record Date; and (ii) there is no other change in the shareholding structure of the Company from the date of this announcement up to the completion of the Rights Issue:

	(i)		(ii)		(iii)		(iv)	
	As at the Record Date assuming the Existing Share Options (other than those undertaken not to be exercised pursuant to the Irrevocable Undertakings) were exercised in full on or before the Record Date		Immediately after completion of the Rights Issue assuming full acceptance of the Rights Shares by the Qualifying Shareholders		Immediately after completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders other than those who have provided Irrevocable Undertakings and 100% of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares are fully placed to the Placees under the Compensatory Arrangements		Immediately after completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders other than those who have provided Irrevocable Undertakings and 100% of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares are taken up by the Underwriter (Note 5)	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Ng Ting Kit (Note 1)	25,925,000	15.69	103,700,000	15.69	103,700,000	15.69	103,700,000	15.69
Ng Man Chun Paul (Note 2)	961,250	0.58	3,845,000	0.58	3,845,000	0.58	3,845,000	0.58
Ng Ting Ho (Note 3)	961,250	0.58	3,845,000	0.58	3,845,000	0.58	3,845,000	0.58
Underwriter (Note 4)	–	–	–	–	–	–	412,266,045	62.36
<i>Sub-total of the Underwriter and parties acting in concert with it</i>	<i>27,847,500</i>	<i>16.85</i>	<i>111,390,000</i>	<i>16.85</i>	<i>111,390,000</i>	<i>16.85</i>	<i>523,656,045</i>	<i>79.21</i>
Other public Shareholders	137,422,015	83.15	549,688,060	83.15	549,688,060	83.15	137,422,015	20.79
<b>Total</b>	<b>165,269,515</b>	<b>100.00</b>	<b>661,078,060</b>	<b>100.00</b>	<b>661,078,060</b>	<b>100.00</b>	<b>661,078,060</b>	<b>100.00</b>

*Notes:*

- Mr. Ng Ting Kit is a cousin of Mr. Ng Man Chun Paul, the chairman of the Board and an executive Director, and the brother of Mr. Ng Ting Ho, the chief executive officer of the Company and an executive Director. As at the date of this announcement, Mr. Ng Ting Ho owns 25,925,000 Shares.
- Mr. Ng Man Chun Paul is the chairman of the Board and an executive Director. He is also a cousin of each of Mr. Ng Ting Kit and Mr. Ng Ting Ho. As at the date of this announcement, Mr. Ng Man Chun Paul owns 961,250 Shares and is the holder of 1,530,000 Existing Share Options.
- Mr. Ng Ting Ho is the chief executive officer of the Company and an executive Director. He is the brother of Mr. Ng Ting Kit and a cousin of Mr. Ng Man Chun Paul. As at the date of this announcement, Mr. Ng Ting Ho owns 961,250 Shares and is the holder of 1,530,000 Existing Share Options.
- The Underwriter is wholly-owned by Mr. Ng Ting Kit.

5. This scenario is for illustrative purpose only. The Company has entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to procure Placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares. The Company will take all appropriate steps to ensure that sufficient public float be maintained upon completion of the Rights Issue in compliance with Rule 11.23(7) of the GEM Listing Rules. In the event that as a result of the Underwritten Shares that the Underwriter has taken up pursuant to its obligations under the Underwriting Agreement upon completion of the Rights Issue would result in public float could not be maintained, the Company and/or the Underwriter will take necessary action, including but not limited to the entry into of a placing agreement to place down the Shares held by the Underwriter such that sufficient public float could be maintained in compliance with Rule 11.23(7) of the GEM Listing Rules.
6. Certain percentage figures included in the above tables have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

## **REASONS FOR THE RIGHTS ISSUE**

The Group is principally engaged in (i) alcoholic beverage distribution and miscellaneous business; (ii) food and beverage business; (iii) money lending business; (iv) provision of children education services; (v) financial services business; and (vi) securities investment business.

The Board believes that the Rights Issue will enable the Company to strengthen its working capital base and to enhance its financial position, while at the same time to key business development for the foreseeable future. In particular, in the view of the drop in rent prices and increasing supply of attractive sites in the market in Hong Kong, the Board is confident to expand the food and beverage business at reasonable pace. Regarding the development of the financial service business, the increasing demand from the U.S. listed Chinese companies and more technology companies seeking to have listings in Hong Kong benefits the average daily turnover over the past 12 months. Hence the appetite for margin financing is increased. Therefore, the Board intends to allot more capitals in margin financing business to capture the opportunities.

Apart from the Rights Issue, the Board has considered other debt/equity fund raising alternatives such as bank borrowings, placing or an open offer. The Board noted that bank borrowings will carry interest costs and may require the provision of security and creditors will rank before the Shareholders, and placing will dilute the interests of Shareholders without giving them the opportunity to take part in the exercise. As opposed to an open offer, the Rights Issue enables the Shareholders to sell the nil-paid rights in the market. 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 Company.

Having considered the abovementioned alternatives, the Board consider raising funds by way of the Rights Issue is more attractive in the current market condition and the Rights Issue will enable the Company 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, and thus, in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (excluding the members of the Independent Board Committee whose opinion will be set forth in the circular of the Company after having been advised by the Independent Financial Adviser) consider that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

## **USE OF PROCEEDS**

The Company will raise, before expenses, not less than approximately HK\$45.9 million and not more than approximately HK\$49.6 million from the Rights Issue. The estimated expenses, in the sum of approximately HK\$2.4 million, in relation to the Rights Issue, including the financial, legal, and other professional advisory fees, placing fee, printing and translation expenses will be borne by the Company.

The Company intends to apply the minimum net proceeds from the Rights Issue of approximately HK\$43.5 million as follows:

- (1) as to approximately HK\$9.0 million to capital expenditure and related expenses on expanding the restaurants of the Group's food and beverage business segment, including but not limited to opening new restaurants, replacement for its existing facilities, procurement of machinery, equipment, and installing systems for accounting and customer relationship management;
- (2) as to approximately HK\$20.0 million will be allocated to the Group's financial services business segment for margin financing;
- (3) as to approximately HK\$10.0 million for repayment of a revolving loan of the Group owing to a lender who is an Independent Third Party and is not a Shareholder; and
- (4) as to approximately HK\$4.5 million will be used as general working capital of the Group.

If the Company raises the maximum net proceeds from the Rights Issue of approximately HK\$47.2 million, the Company intends to apply the additional approximately HK\$3.7 million as general working capital of the Group.

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

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

## **GEM LISTING RULES IMPLICATIONS**

### **Rights Issue**

As the Rights Issue, if proceeded with, will increase the number of the issued Shares by more than 50%, the Rights Issue is conditional on approval by the Independent Shareholders at the SGM by a resolution on which the Directors (excluding the independent non-executive Directors) and chief executive of the Company and their respective associates shall abstain from voting in favour under Rule 10.29(1) of the GEM Listing Rules since there is no controlling Shareholder. As such, Mr. Ng Man Chun Paul and Mr. Ng Ting Ho and their respective associates (including Mr. Ng Ting Kit) shall abstain from voting in favour of the resolution(s) to approve the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder at the SGM.

### **Underwriting Agreement**

The Underwriter is wholly-owned by Mr. Ng Ting Kit. As at the date of this announcement, Mr. Ng Ting Kit is beneficially interested in 25,925,000 Shares, representing approximately 16.94% of the existing issued Shares. As such, the Underwriter is a connected person of the Company under Chapter 20 of the GEM Listing Rules and the transactions contemplated under the Underwriting Agreement constitute connected transactions for the Company under the GEM Listing Rules and are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

The Company has not conducted any rights issue or open offer within the 12-month period immediately preceding the date of this announcement, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities within such 12-month period. The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 10.44A of the GEM Listing Rules.

None of the Directors had material interests in the transactions contemplated under the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder. Nevertheless, given that the Underwriter is an associate of Mr. Ng Ting Kit, a substantial shareholder who is a cousin of Mr. Ng Man Chun Paul and the brother of Mr. Ng Ting Ho, each an executive Director, each of Mr. Ng Man Chun Paul and Mr. Ng Ting Ho has abstained from voting on the Board resolutions which approved the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver.

## **TAKEOVERS CODE IMPLICATIONS AND APPLICATION FOR WHITEWASH WAIVER**

As at the date of this announcement, the Underwriter and parties acting in concert with it (comprising the Underwriter, Mr. Ng Ting Kit, Mr. Ng Man Chun Paul and Mr. Ng Ting Ho), taken together, in aggregate, hold 27,847,500 Shares, representing approximately 18.20% of the issued share capital of the Company.

If there had been no acceptance by the Qualifying Shareholders under the Rights Issue (other than the acceptance of Mr. Ng Ting Kit, Mr. Ng Man Chun Paul and Mr. Ng Ting Ho pursuant to the Irrevocable Undertakings) and no placement can be made under the Compensatory Arrangements, upon completion of the Rights Issue:

- (1) assuming that there is no change in the issued share capital of the Company other than the allotment and issue of the Rights Shares, the Underwriter will be required to take up 375,546,045 Rights Shares. In such circumstances, the Underwriter and parties acting in concert with it (comprising the Underwriter, Mr. Ng Ting Kit, Mr. Ng Man Chun Paul and Mr. Ng Ting Ho), taken together, will in aggregate, hold 486,936,045 Shares, representing approximately 79.55% of the issued share capital of the Company as enlarged by the Rights Shares; and
- (2) assuming that the Existing Share Options (other than those undertaken not to be exercised pursuant to the Irrevocable Undertakings) were exercised in full on or before the Record Date and there is no other change in the issued share capital of the Company other than the allotment and issue of the Rights Shares, the Underwriter will be required to take up 412,266,045 Rights Shares. In such circumstances, the Underwriter and parties acting in concert with it (comprising the Underwriter, Mr. Ng Ting Kit, Mr. Ng Man Chun Paul and Mr. Ng Ting Ho), taken together, will in aggregate, hold 523,656,045 Shares, representing approximately 79.21% of the issued share capital of the Company as enlarged by the Rights Shares.

Accordingly, in either case, such increase of voting rights of the Company of the Underwriter would therefore trigger an obligation of the Underwriter, Mr. Ng Ting Kit and parties acting in concert with any one of them to make a mandatory general offer for all the issued Shares not already owned or agreed to be acquired by the Underwriter, Mr. Ng Ting Kit and parties acting in concert with any one of them under Rule 26 of the Takeovers Code, unless the Whitewash Waiver is granted by the Executive.

An application will be made by the Underwriter to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among others, (i) the approval by at least 75% of the Independent Shareholders at the SGM by way of poll; and (ii) the approval by more than 50% of the Independent Shareholders at the SGM by way of poll in respect of the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder. The Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates; the Underwriter, its associates and parties acting in concert with the Underwriter; and any Shareholders who are involved in, or interested in, or have a material interest in the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder, and/or the Whitewash Waiver shall abstain from voting on the relevant resolution(s) at the SGM.

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

As at the date of this announcement, save for the Irrevocable Undertakings, the Company has not received any other irrevocable commitments to accept or reject the Rights Shares or to vote for or against the Rights Issue and/or the Whitewash Waiver.

## **DEALINGS OF THE SHARES BY THE UNDERWRITER AND PARTIES ACTING IN CONCERT WITH IT**

As at the date of this announcement, neither the Underwriter, Mr. Ng Ting Kit nor any parties acting in concert with any one of them:

- (a) save for the Shares as set out in the section headed “Shareholding structure of the Company” in this announcement, owns, controls or has direction over any Shares and right over Shares, outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of securities in the Company, or hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (b) has received any irrevocable commitment to vote for or against the Rights Issue and/or the Underwriting Agreement and/or the Whitewash Waiver;

- (c) has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (d) save for the Underwriting Agreement and Irrevocable Undertakings given by Mr. Ng Ting Kit, Mr. Ng Man Chun Paul and Mr. Ng Ting Ho, details of which are set out in the section headed “Proposed Rights Issue – Irrevocable Undertakings” in this announcement, there are no arrangements referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, which might be material to the Rights Issue and/or the Underwriting Agreement and/or the Whitewash Waiver, with any other persons;
- (e) save that the Rights Issue and the Underwriting Agreement are conditional upon, among other things, obtaining of the Whitewash Waiver by the Underwriter as set out in the section headed “The Underwriting Agreement – Conditions of the Underwriting Agreement” in this announcement, has any agreement or arrangement to which it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Rights Issue and/or the Underwriting Agreement and/or the Whitewash Waiver;
- (f) has dealt in any relevant securities of the Company in the 6-month period preceding the date of this announcement; and
- (g) has entered into any derivative in respect of the relevant securities in the Company which are outstanding.

As at the date of this announcement:

- (a) apart from the Rights Shares to be subscribed and underwritten by the Underwriter, the Company has not paid and will not pay any other consideration, compensation or benefit in whatever form to the Underwriter, Mr. Ng Ting Kit and parties acting in concert with any one of them in connection with the Rights Issue and the Underwriting Agreement;
- (b) apart from the Underwriting Agreement and the Irrevocable Undertakings, there is no other understanding, arrangement or special deal between the Group on the one hand, and the Underwriter, Mr. Ng Ting Kit and parties acting in concert with any one of them on the other hand; and
- (c) there is no understanding, arrangement or agreement or special deal between (i) any Shareholders (excluding the Underwriter, Mr. Ng Ting Kit and parties acting in concert with any one of them who are Shareholders); and (ii)(x) the Underwriter, Mr. Ng Ting Kit and parties acting in concert with any one of them; or (y) the Company, its subsidiaries or associated companies.

## **SGM**

The register of members of the Company will be closed from Wednesday, 26 May 2021 to Monday, 31 May 2021 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the SGM.

The SGM will be held to consider and, if thought fit, pass the resolution(s) to approve, among other things: (i) the Rights Issue; (ii) the Underwriting Agreement and (iii) the Whitewash Waiver. Only the Independent Shareholders will be entitled to vote on the resolution(s) to approve the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver at the SGM.

In accordance with the GEM Listing Rules and the Takeovers Code, (i) the Underwriter and its associates; (ii) any parties acting in concert with the Underwriter; (iii) the Directors (excluding the independent non-executive Directors) and chief executive of the Company and their respective associates; and (iv) Shareholders who are involved in, or interested in, the Rights Issue, the Underwriting Agreement or the Whitewash Waiver and the Irrevocable Undertakings, including but not limited to the Underwriter and parties acting in concert with it, will be required to abstain from voting on the resolution(s) to approve the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver at the SGM. Save as disclosed, no other Shareholder is involved or interested in or has a material interest in the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver and the Irrevocable Undertakings and, hence, is required to abstain from voting on the resolution(s) in relation to the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver at the SGM.

## **ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF THE INDEPENDENT FINANCIAL ADVISER**

The Company has established the Independent Board Committee, comprising all the independent non-executive Directors (namely Mr. Chan Hin Hang, Mr. Yum Edward Liang Hsien and Mr. Hung Kenneth), to provide recommendation to the Independent Shareholders as to whether the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver are fair and reasonable and on how to vote at the SGM.

Pelican Financial Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver.

The appointment of the Independent Financial Adviser has been approved by the Independent Board Committee.



## **DESPATCH OF CIRCULAR**

Pursuant to Rule 8.2 of the Takeovers Code, a circular containing, among others, (i) further details of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver; (ii) a letter from the Independent Board Committee; (iii) a letter from the Independent Financial Adviser to the Independent Board Committee in respect of the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver; (iv) other information required under the GEM Listing Rules and the Takeovers Code and (v) a notice convening the SGM, shall be despatched within 21 days of the date of this announcement, or such later date as the Executive may approve. As additional time is required to finalise certain information concerning the Group including the financial information to be included in the circular and the letter from the Independent Financial Adviser, it is expected that the circular is to be despatched on or before 7 May 2021. Accordingly, an application shall be made to the Executive for a waiver from strict compliance with Rule 8.2 of the Takeovers Code to grant its consent for an extension of time for the despatch of the circular to a date falling on or before 7 May 2021.

Subject to, among others, the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver being approved at the SGM, 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.

## **WARNING OF THE RISKS OF DEALING IN 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 section headed “The Underwriting Agreement – Termination of the Underwriting Agreement” in this announcement). Accordingly, the Rights Issue may or may not proceed.**

**The Shares are expected to be dealt in on an ex-rights basis from Wednesday, 2 June 2021. Dealings in the Rights Shares in nil-paid form are expected to take place from Wednesday, 16 June 2021 to Wednesday, 23 June 2021 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.**

**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 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.**

## DEFINITIONS

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

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate”	has the meaning ascribed thereto under the GEM Listing Rules and the Takeovers Code
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	China Demeter Financial Investments Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability the issued shares of which are listed on GEM
“Compensatory Arrangements”	placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent on a best effort basis pursuant to the Placing Agreement in accordance with Rule 10.31(1)(b) of the GEM Listing Rules
“connected person”	has the meaning ascribed to it in the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s)

“Existing Share Options”	the share options granted to certain eligible participants under the share option scheme of the Company adopted on 30 September 2013 conferring the holders thereof the right to subscribe for up to 15,300,000 Shares at a subscription price of HK\$0.2392 per Share (subject to adjustments) as at the date of this announcement
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Company comprising all the independent non-executive Directors formed for the purpose of providing recommendation to the Independent Shareholders as to whether the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver are fair and reasonable and on how to vote at the SGM
“Independent Financial Adviser”	Pelican Financial Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder, and the Whitewash Waiver

“Independent Shareholder(s)”	the Shareholder(s) other than: (i) the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates; (ii) the Underwriter, Mr. Ng Ting Kit, its/his associate(s) and parties acting in concert with any one of them; and (iii) any Shareholders who are involved in, or interested in, or have a material interest in the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and/or the Whitewash Waiver and the Irrevocable Undertakings
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and connected person(s) (as defined under the GEM Listing Rules) of the Company and independent of and not acting in concert with the Underwriter, Mr. Ng Ting Kit and parties acting in concert with any one of them
“Irrevocable Undertakings”	the irrevocable undertakings given by each of Mr. Ng Ting Kit, Mr. Ng Man Chun Paul and Mr. Ng Ting Ho in favour of the Company, the details of which are set out in the section headed “Proposed Rights Issue – Irrevocable Undertakings” in this announcement
“Latest Placing Date”	Monday, 5 July 2021 or such later date as the Company and the Placing Agent may agree in writing, being the latest date for the Placing Agent to place the Unsubscribed Rights Shares and/or the NQS Unsold Rights Shares
“Latest Placing Time”	4:00 p.m. on the Latest Placing Date
“Last Trading Day”	Monday, 29 March 2021, being the last trading day of the Shares on the Stock Exchange before the release of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Monday, 28 June 2021 or such later time or date as may be agreed between the Company and the Underwriter, being the latest time for acceptance of the offer of Rights Shares
“Latest Time for Termination”	4:30 p.m. on the second Business Day immediately after the Latest Time for Acceptance, or such later time as may be agreed between the Company and the Underwriter

“Licensed Subsidiary”	the subsidiary of the Company which is a licensed corporation to carry out regulated activities under the SFO
“Net Gain”	the aggregate of any premium (being the aggregate amount paid by the Placees after deducting (i) the aggregate amount of the Subscription Price for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares placed by the Placing Agent under the Compensatory Arrangements; and (ii) the aggregate amount of the expenses of the Placing Agent and any other related expenses/fees)
“No Action Shareholders”	Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or their renounees, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed (including the Non-Qualifying Shareholders in respect of NQS Unsold Rights Shares)
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Shares 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
“NQS Unsold Rights Share(s)”	the Rights Share(s) which would otherwise has/have been provisionally allotted to the Non-Qualifying Shareholder(s) in nil-paid form that has/have not been sold by the Company
“Overseas Shareholder(s)”	Shareholder(s) with registered address(es) (as shown on the register of members of the Company on the Record Date) which is/are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue

“Placee(s)”	any individuals, corporate, institutional investor(s) or other investor(s), who and whose ultimate beneficial owner(s) shall be the Independent Third Party(ies), procured by the Placing Agent and/or its sub-placing agent(s), who and whose ultimate beneficial owners shall be the Independent Third Party(ies), to subscribe for any of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares pursuant to the Placing Agreement
“Placing”	the offer by way of private placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent and/or its sub-placing agents(s), who and whose ultimate beneficial owners shall be the Independent Third Party(ies), to the Placee(s) during the Placing Period on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Kingkey Securities Group Limited, a licensed corporation to carry out Type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO, being the placing agent appointed by the Company to place any Unsubscribed Rights Shares and the NQS Unsold Rights Shares under the Compensatory Arrangements in accordance with Rule 10.31(1)(b) of the GEM Listing Rules
“Placing Agreement”	the placing agreement dated 29 March 2021 and entered into between the Company and the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to the Placee(s) on a best effort basis
“Placing Completion Date”	Thursday, 8 July 2021 or such other date as the Company and the Placing Agent may agree in writing, being the date of completion of the Placing
“Placing Period”	a period commencing from the second Business Day after the Latest Time for Acceptance, which is expected to be Wednesday, 30 June 2021, and ending at the Latest Placing Time

“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus to be despatched to the Shareholders containing details of the Rights Issue
“Prospectus Posting Date”	Friday, 11 June 2021 or such other date as the Underwriter may agree in writing with the Company, being the date of despatch of the Prospectus Documents
“Prospectus Documents”	the Prospectus, PAL and any supplementary prospectus or supplementary provisional allotment letter (if required)
“Qualifying Shareholder(s)”	Shareholder(s) who(se) 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”	Thursday, 10 June 2021 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 Tengis Limited, the branch share registrar and transfer office of the Company in Hong Kong, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Rights Issue”	the proposed issue of the Rights Shares by way of rights on the basis of three (3) Rights Shares for every one (1) Share held on the Record Date at the Subscription Price pursuant to the Prospectus Documents
“Rights Share(s)”	Not less than 459,088,545 Shares and not more than 495,808,545 Shares proposed to be allotted and issued by the Company for subscription pursuant to 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)
“SGM”	the special general meeting of the Company to be convened and held to consider, among others, the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.10 per Rights Share
“substantial shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers of Hong Kong
“Underwriter”	Trinity Worldwide Capital Holding Limited, a company incorporated in British Virgin Islands with limited liability which is wholly-owned by Mr. Ng Ting Kit
“Underwriting Agreement”	the underwriting agreement entered into between the Company and the Underwriter on 29 March 2021 in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Shares”	Not less than 375,546,045 Rights Shares to 412,266,045 Rights Shares to be underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement
“Unsubscribed Rights Shares”	Rights Shares that are not subscribed by the Qualifying Shareholders



“Whitewash Waiver”

a waiver to be granted by the Executive pursuant to Note 1 of the Notes on dispensations from Rule 26 of the Takeovers Code to waive the obligation of the Underwriter to make a mandatory general offer to the Shareholders in respect of the Shares not already owned or agreed to be acquired by the Underwriter, Mr. Ng Ting Kit and parties acting in concert with any one of them as a result of the subscription of the Underwritten Shares by the Underwriter pursuant to the Underwriting Agreement

“%”

per cent

On behalf of the Board  
**China Demeter Financial Investments Limited**  
**Ng Man Chun Paul**  
*Chairman*

Hong Kong, 29 March 2021

*As at the date of this announcement, the Board comprises three executive directors, namely Mr. Ng Man Chun Paul, Mr. Ng Ting Ho and Mr. Lam Chun Kei; and three independent non-executive directors, namely Mr. Chan Hin Hang, Mr. Yum Edward Liang Hsien and Mr. Hung Kenneth.*

*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](http://www.hkgem.com) for at least seven days after the date of publication and on the Company’s website at [www.chinademeter.com](http://www.chinademeter.com).*

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