
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Wai Chun Group Holdings Limited**, you should at once hand this circular together with the enclosed proxy form to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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偉俊集團控股有限公司*
Wai Chun Group Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 1013)

**(I) PROPOSED ALTERATION TO THE TERMS OF
THE CONVERTIBLE BONDS;
AND
(II) NOTICE OF SPECIAL GENERAL MEETING**

The notice convening the special general meeting (the “**SGM**”) of Wai Chun Group Holdings Company Limited (the “**Company**”) to be held at 13/F, Admiralty Centre 2, 18 Harcourt Road, Admiralty, Hong Kong at 10:00 a.m. on Tuesday, 28 December 2021 is set out on pages 16 to 18 of this circular.

A proxy form for the SGM is also enclosed with this circular. Whether or not you are able to attend the SGM in person, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company’s branch share registrar in Hong Kong, Union Registrars Limited at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong as soon as possible, and in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish.

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DEFINITIONS

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

“Alteration of Terms”	together the Alteration of Terms of the First Convertible Bonds and the Alteration of Terms of the Second Convertible Bonds
“Alteration of Terms of the First Convertible Bonds”	(a) the proposed revision of the conversion price of the First Convertible Bonds from HK\$0.18 per Conversion Share to HK\$0.048 per Conversion Share; (b) the proposed reduction of the interest rate of the First Convertible Bonds from 4% per annum to 2% per annum; (c) the proposed reduction of the redemption amount at maturity from 100% of the principal amount to 98% of the principal amount of the First Convertible Bonds; and (d) the conversion rights attached to the First Convertible Bonds shall only be exercised on the condition that any conversion of the First Convertible Bonds does not: (aa) trigger a mandatory general offer obligation on the First Bondholders under Rule 26 of the Takeovers Code; and (bb) result in Mr. Lam Ching Kui and any parties acting in concert with him (including Ka Chun Holdings Limited) ceasing to be the controlling Shareholder of the Company within the meaning of the Listing Rules
“Alteration of Terms of the Second Convertible Bonds”	(a) the proposed revision of the conversion price of the Second Convertible Bonds from HK\$0.18 per Conversion Share to HK\$0.048 per Conversion Share; (b) the proposed reduction of the interest rate of the Second Convertible Bonds from 4% per annum to 2% per annum; and (c) the proposed reduction of the redemption amount at maturity from 100% of the principal amount to 98% of the principal amount of the Second Convertible Bonds
“Announcement”	the announcement of the Company dated 15 October 2021 in relation to the Alteration of Terms
“associate”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Bondholders”	together, the First Bondholders and the Second Bondholders
“Company”	Wai Chun Group Holdings Limited, a company incorporated in Bermuda, whose issued Shares are listed on the main board of the Stock Exchange

DEFINITIONS

“Conversion Price”	the proposed new conversion price of HK\$0.048 per Conversion Share under the Alteration of Terms, subject to adjustment under the terms and conditions of the Convertible Bonds
“Conversion Rights”	the rights attached to the Convertible Bonds to convert the Convertible Bonds to Shares at the Conversion Price
“Conversion Share(s)”	new Shares to be issued by the Company upon the exercise of the Conversion Rights
“Convertible Bond(s)”	together, the First Convertible Bonds and the Second Convertible Bonds
“Director(s)”	the director(s) of the Company
“First Bondholders”	together, First Bondholder A and First Bondholder B
“First Bondholder A”	Ms. Wan Yuzhen
“First Bondholder B”	Ms. Zhong Lirong
“First Convertible Bonds”	the 4% coupon convertible bonds due 2023 issued by the Company on 18 August 2020 in the aggregate principal amount of HK\$152,000,000 being held by the First Bondholders
“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 Shareholder(s)”	Shareholder(s) other than the Bondholders and their respective associates
“Interest Rate”	the interest rate of the Convertible Bonds
“Latest Practicable Date”	8 December 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in it
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Second Bondholders”	together, Second Bondholder A and Second Bondholder B
“Second Bondholder A”	Ms. Wan Qianyi

DEFINITIONS

“Second Bondholder B”	Ms. Mai Xiuqun
“Second Convertible Bonds”	the 4% coupon convertible bonds due 2023 issued by the Company on 18 November 2020 in the aggregate principal amount of HK\$23,480,000 being held by the Second Bondholders
“SGM”	the special general meeting of the Company to be convened and held on Tuesday, 28 December 2021 (or any adjournment thereof) to consider and, if thought fit, approve the Alteration of Terms and the Specific Mandate
“Share(s)”	the ordinary share(s) of par value of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	the mandate to allot and issue the Conversion Shares upon the exercise of the Conversion Rights to be sought at the SGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“%”	per cent.

COVID-19 PRECAUTIONARY MEASURES AT THE SGM

COVID-19 PRECAUTIONARY MEASURES AT THE SGM

In view of the ongoing COVID-19 pandemic and the heightened requirements for prevention and control of its spread, the Company will implement the following precautionary measures at the SGM to protect attending Shareholders, staff and other stakeholders from the risk of infection:

1. Compulsory body temperature screening or checks will be carried out on every Shareholder, proxy and other attendee at the entrance of the SGM venue. Any person with a body temperature of over 37 degrees Celsius or who is exhibiting flu-like symptoms may be denied entry into the SGM venue and be requested to leave the SGM venue.
2. Every attendee will be required to wear a surgical face mask throughout the SGM. Please note that no surgical face masks will be provided at the SGM venue and attendees should bring and wear their own surgical face masks.
3. No refreshments will be served to attendees at the SGM.
4. No corporate gifts will be distributed to attendees at the SGM. Attendees are requested to observe and practice good personal hygiene at all times at the venue of the SGM.

To the extent permitted under law, the Company reserves the right to deny any person entry into the SGM venue or require any person to leave the SGM venue in order to ensure the safety of the attendees at the SGM.

LETTER FROM THE BOARD



偉俊集團控股有限公司*

Wai Chun Group Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 1013)

Executive Director:

Mr. Lam Ching Kui

(Chairman and Chief Executive Officer)

Independent Non-executive Directors:

Mr. Chan Wai Dune

Dr. Wang Wei

Registered office:

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

*Head Office and Principal Place of
Business in Hong Kong:*

13/F, Admiralty Centre 2,

18 Harcourt Road,

Admiralty,

Hong Kong

9 December 2021

To the Shareholders

Dear Sir or Madam,

**(I) PROPOSED ALTERATION TO THE TERMS OF
THE CONVERTIBLE BONDS;
AND
(II) NOTICE OF SPECIAL GENERAL MEETING**

Reference is made to the announcement of the Company dated 15 October 2021 in relation to the Alteration of Terms of the First Convertible Bonds and the Alteration of Terms of the Second Convertible Bonds.

The purpose of this circular is to provide you with information regarding, among other matters, (i) details of the Alteration of Terms of the First Convertible Bonds and the Alteration of Terms of the Second Convertible Bonds; and (ii) a notice of the SGM.

* For identification purpose only

LETTER FROM THE BOARD

PROPOSED ALTERATION OF TERMS OF THE FIRST CONVERTIBLE BONDS

On 15 October 2021 (after trading hours), in accordance with the terms and conditions of the First Convertible Bonds, the Company and the First Bondholders have agreed amend the terms of the First Convertible Bonds as follows:

- (i) the conversion price of the First Convertible Bonds be reduced from HK\$0.18 per Conversion Share to HK\$0.048 per Conversion Share;
- (ii) the interest rate of the First Convertible Bonds be reduced from 4% per annum to 2% per annum;
- (iii) the First Convertible Bonds be redeemed at 98% of its principal amount at maturity; and
- (iv) the conversion rights attached to the First Convertible Bonds be only exercised on the condition that any conversion of the First Convertible Bonds does not: (aa) trigger a mandatory general offer obligation on the First Bondholders under Rule 26 of the Takeovers Code; and (bb) result in Mr. Lam Ching Kui and any parties acting in concert with him (including Ka Chun Holdings Limited) ceasing to be the controlling Shareholder of the Company within the meaning of the Listing Rules.

To the best information, knowledge and belief of the Directors, save for being Shareholders interested in about 2.15% shareholding in the Company in total, the First Bondholders are independent third parties not connected with the Company and its connected persons, and are independent of and not connected with the Second Bondholders.

The Alteration of Terms of the First Convertible Bonds is conditional upon the following conditions:

- (a) the Stock Exchange granting its approval for the Alteration of Terms of the First Convertible Bonds;
- (b) the passing of an ordinary resolution by the Independent Shareholders at the SGM approving the Alteration of Terms of the First Convertible Bonds including the grant of the Specific Mandate; and
- (c) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Conversion Shares to be issued upon exercise of conversion rights attached to the First Convertible Bonds.

None of the above conditions are waiverable. If any of the conditions above are not fulfilled by 31 December 2021, the Alteration of Terms of the First Convertible Bonds will not proceed.

Apart from the Alteration of Terms of the First Convertible Bonds, all other terms of the First Convertible Bonds remain unchanged.

LETTER FROM THE BOARD

PROPOSED ALTERATION OF TERMS OF THE SECOND CONVERTIBLE BONDS

On 15 October 2021 (after trading hours), in accordance with the terms and conditions of the Second Convertible Bonds, the Company and the Second Bondholders have agreed amend the terms of the Second Convertible Bonds as follows:

- (i) the conversion price of the Second Convertible Bonds be reduced from HK\$0.18 per Conversion Share to HK\$0.048 per Conversion Share;
- (ii) the interest rate of the Second Convertible Bonds be reduced from 4% per annum to 2% per annum; and
- (iii) the Second Convertible Bonds be redeemed at 98% of its principal amount at maturity.

To the best information, knowledge and belief of the Directors, save for being Shareholders interested in about 6.08% shareholding in the Company in total, the Second Bondholders are independent third parties not connected with the Company and its connected persons, and are independent of and not connected with the First Bondholders.

The Alteration of Terms of the Second Convertible Bonds is conditional upon the following conditions:

- (a) the Stock Exchange granting its approval for the Alteration of Terms of the Second Convertible Bonds;
- (b) the passing of an ordinary resolution by the Independent Shareholders at the SGM approving the grant of the Specific Mandate; and
- (c) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Conversion Shares to be issued upon exercise of conversion rights attached to the Second Convertible Bonds.

None of the above conditions are waivable. If any of the conditions above are not fulfilled by 31 December 2021, the Alteration of Terms of the Second Convertible Bonds will not proceed.

Apart from the Alteration of Terms of the Second Convertible Bonds, all other terms of the Second Convertible Bonds remain unchanged.

The Alteration of Terms of the First Convertible Bonds and the Alteration of Terms of the Second Convertible Bonds are not inter-conditional.

LETTER FROM THE BOARD

CONVERSION PRICE

Upon the Alteration of Terms of the First Convertible Bonds and the Alteration of Terms of the Second Convertible Bonds taking effect, the Conversion Price would be HK\$0.048 per Conversion Share, subject to adjustments.

The Conversion Price represents:

- (i) the closing price per Share as quoted on the Stock Exchange of HK\$0.048 on 15 October 2021, being the date of the Announcement;
- (ii) a discount of approximately 39.5% to the average of the closing prices of HK\$0.0794 per Share for the last five consecutive trading days immediately preceding the date of the Announcement; and
- (iii) a discount of approximately 26.2% to the closing price per Share as quoted on the Stock Exchange of HK\$0.065 on the Latest Practicable Date.

The Conversion Price was determined by reference to the trading performance of the Shares on the Stock Exchange prior to the issue of the Announcement especially after issue of the profit warning announcement by the Company on 11 October 2021 and the financial position of the Group. As at 31 March 2021, the Company has a net capital deficiency of approximately HK\$90 million. On 11 October 2021, the Company published a profit warning announcement informing Shareholders and potential investors of the Company that the Company has recorded an unaudited net loss of approximately HK\$27 million for the six months period ended 30 September 2021 and as a result of which, the capital deficiency had increased to approximately HK\$117 million as at 30 September 2021. As a result of the profit warning announcement, the Share price had fallen significantly on 12 and 15 October 2021.

During the negotiation with the Bondholders, the Bondholders have expressed concern over the future prospects of the Company given the net capital deficit position of the Company and that the Share price will continue to fall in a downward spiral which would result in the Share trading at a discount to the Conversion Price. In view of the financial position of the Company, it would not be in the best interest of the Company if the Bondholders elect to redeem the Convertible Bonds at maturity rather than exercising the Conversion Rights. Given that the Company published a profit warning announcement on 11 October 2021, the Board, therefore, consider that the five-day average closing price did not reflect the actual performance of the Share price and that despite the Conversion Price represents a discount of approximately 39.5% to the average of the closing prices of HK\$0.0794 per Share for the last five consecutive trading days immediately preceding the date of the Announcement, the Conversion Price to be fair and reasonable.

LETTER FROM THE BOARD

If the outstanding First Convertible Bonds are fully converted at the Conversion Price of HK\$0.048 each, a maximum of 3,166,666,666 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the outstanding First Convertible Bonds, which represents:

- (i) approximately 148.0% of the issued share capital of the Company as at the Latest Practicable Date; and
- (ii) approximately 54.6% of the issued share capital of the Company as to be enlarged by the issue of all the Conversion Shares after the exercise in full of the conversion rights attached to the First Convertible Bonds and the Second Convertible Bonds (assuming there being no other issue or repurchase of Shares).

If the outstanding Second Convertible Bonds are fully converted at the Conversion Price of HK\$0.048 each, a maximum of 489,166,666 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the outstanding Second Convertible Bonds, which represents:

- (i) approximately 22.9% of the issued share capital of the Company as at the Latest Practicable Date;
- (ii) approximately 8.4% of the issued share capital of the Company as to be enlarged by the issue of all the Conversion Shares after the exercise in full of the conversion rights attached to the First Convertible Bonds and the Second Convertible Bonds (assuming there being no other issue or repurchase of Shares).

According to the existing terms of the First Convertible Bonds and the Second Convertible Bonds, a Bondholder shall have the right to convert the First Convertible Bonds or the Second Convertible Bonds (as the case maybe) into Shares provided that the public float of the Shares shall not be less than 25% (or any given percentage as required by the Listing Rules) of the issued Shares at any time in compliance with Listing Rules.

The Conversion Shares to be allotted and issued by the Company upon the exercise of the Conversion Rights will be issued under the Specific Mandate to be sought at the SGM.

The theoretical dilution effect associated with the Alteration of Terms is approximately 24.95%.

LETTER FROM THE BOARD

REASONS FOR THE ALTERATION OF TERMS

There is no express provision for early repayment under the terms of the Convertible Bonds unless there is a default in payment obligation on the part of the Company (including interest payments). The Company has been accruing its interest payment obligations to the Bondholders since the issue of the Convertible Bonds and the Bondholders have verbally agreed for the interests to be accrued. However, since the release of the interim results of the Company for the six months ended 30 September 2021 in which the Company has reported a deterioration of its financial position, the Bondholders have verbally informed the Company that they would consider demanding for early redemption of the Convertible Bonds unless the terms of the Convertible Bonds are revised to their satisfaction.

The Board was of the view that it would not be in the interest of the Company and the Shareholders as a whole if the Bondholders were demanding for early redemption of the Convertible Bonds due to the Company's failure to make interest payment in accordance with the terms of the Convertible Bonds. As such, the Board considers it to be fair and reasonable for the terms of the Convertible Bonds to be re-open for negotiation with the Bondholders.

Since the existing conversion price of the Convertible Bonds is much higher than the prevailing market price of the Share, the revised Conversion Price will serve as an incentive for the Bondholders to exercise the Conversion Rights, thereby alleviating the financial pressure on the Company to repay the Convertible Bonds on maturity and could facilitate the Company in obtaining alternative source of finance to improve the financial position of Company. With the redemption discount of 2% at the maturity of the Convertible Bonds, the financial pressure on the Company for redemption of the Convertible Bonds at the maturity date would also be further lessened. Furthermore, the reduction of Interest Rate would alleviate the interest burden of the Company. As at the Latest Practicable Date, assuming the Alteration of Terms are approved and implemented as proposed and all Conversion Rights are exercised in full, the capital deficiency of approximately HK\$117 million as at 30 September 2021 would be reduced by approximately HK\$97 million, being the remaining liability portion of the Convertible Bonds as at 30 September 2021 in addition to the interest saving of approximately HK\$6.79 million, and the 2% redemption discount which amount to approximately HK\$3.51 million, representing a significant improvement to the financial position to the Group amounting to approximately HK\$107 million. In effect, the capital deficiency of the Group would significantly reduce to approximately HK\$10 million. The Board considers that although the relative shareholding in the Company of the existing Shareholders would be diluted as a result of the conversion of the Convertible Bonds into Shares, the Board is of the view that it would be in the best interest of the Company and the Shareholders as a whole if the capital deficiency of the Group would be greatly reduced. Assuming all of the Conversion Rights are exercised in full as at 30 September 2021, the loss attributable to existing Shareholders would be HK\$0.004636 per Share for the six months period ended 30 September 2021 which is 63% lower than the reported actual loss per Share of HK\$0.0126 for the six months period ended 30 September 2021.

LETTER FROM THE BOARD

The Shares have been trading below the existing conversion price for much of the time after the Second Convertible Bonds were issued and the Bondholders had no incentive to convert any of the Convertible Bonds since they were issued given the low trading price of the Shares. In light of the profit warning issued by the Company for the six months ended 30 September 2021 and the Bondholders were not optimistic that the trading price of the Shares would exceed the existing conversion price in the near future, the Bondholders therefore began discussion with the Company in seeking for reduction of the Conversion Price. In return for the reduction of the Conversion Price, the Bondholders have agreed to correspondingly reduce the Interest Rate and allow a 2% discount on redemption upon maturity. Please refer to the chart below for the share price of the Company since November 2020:



LETTER FROM THE BOARD

Despite the positive results for the year ended 31 March 2021, the Company recorded significant losses for the six months ended 30 September 2021 and as a result the net liabilities of the Company has increased to approximately HK\$117 million as at 30 September 2021. The Bondholders were concerned that if the financial performance of the Company does not improve over the next two years, the Company may not be able to redeem the Convertible Bonds in full upon maturity and the trading price would not justify the Bondholders to convert the Convertible Bonds at the existing conversion price.

Although the First Bondholders may not be able to convert the First Convertible Bonds in full in view of the restriction on conversion if the Company encounters insufficient public float, based on the new Conversion Price, the First Bondholders may convert up to approximately HK\$62 million in principal amount of the First Convertible Bonds and on the basis that the Second Bondholders convert the full outstanding amount of the Second Convertible Bonds. In view of the public float restriction, the exact number of Conversion Shares which may be converted by the First Bondholders will depend on the number of Share being converted by the Second Bondholders. This could potentially alleviate the cash flow pressure on the Company when the Convertible Bonds mature. Upon maturity of the First Convertible Bonds and the Second Convertible Bonds, the Board may finance the repayment of the relevant bonds through shareholder's loan and/or by way of equity fund raising if necessary. However, as the Convertible Bonds are not due until 2023, no definitive plan has been made by the Board as at the Latest Practicable Date.

Besides financing for the repayment of the Convertible Bonds through further equity issue and shareholder's loan, the Company has implemented cost control management in different business segments in order to generate operating cashflow to repay the Convertible Bonds when they are due. In addition, the Company anticipates that part of the repayment amount of the Convertible Bonds could be settled with internal resources of the Group as the Board expects the cashflow of the Group to improve over the next two years as the Group is currently negotiating with its suppliers for extension of credit period and the cost control measures being implemented.

The Board considers that the Alteration of Terms are fair and reasonable and the Alteration of Terms are in the interests of the Company and the Shareholders as a whole. No proceeds will be received by the Company as a result of the Alteration of Terms.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE

The shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after the full conversion of the outstanding Convertible Bonds at the Conversion Price (assuming there being no other issue or repurchase of Shares); and (iii) immediately after the exercise of the Conversion Rights up to public float limited are as follows:

Name of Shareholder	As at the Latest Practicable Date		Immediately after full exercise of the Conversion Rights (note 3)		Immediate after exercise of the Conversion Rights up to public float limit (note 6)	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Ka Chun Holdings Limited (note 1)	1,554,338,600	72.66	1,554,338,600	26.82	1,554,338,600	39.65
Lam Ching Kui (note 2)	38,481,000	1.80	38,481,000	0.67	38,481,000	0.98
	<u>1,592,819,600</u>	<u>74.46</u>	<u>1,592,819,600</u>	<u>27.49</u>	<u>1,592,819,600</u>	<u>40.63</u>
First Bondholder A (note 5)	40,221,600	1.88	1,686,054,933	29.10	686,054,933	17.50
First Bondholder B (note 5)	5,836,200	0.27	1,526,669,533	26.34	651,669,533	16.62
Public Shareholders						
Second Bondholder A	65,002,600	3.04	310,835,933	5.36	310,835,933	7.93
Second Bondholder B	65,000,000	3.04	308,333,333	5.32	308,333,333	7.87
Other Public Shareholders (note 4)	370,236,248	17.31	370,236,248	6.39	370,236,248	9.45
	<u>546,296,648</u>	<u>25.54</u>	<u>989,405,514</u>	<u>17.07</u>	<u>989,405,514</u>	<u>25.25</u>
Total	<u>2,139,116,248</u>	<u>100.00</u>	<u>5,794,949,580</u>	<u>100.00</u>	<u>3,919,949,581</u>	<u>100.00</u>

Notes:

- (1) Ka Chun Holdings Limited, a company owned as to 100% by Wai Chun Investment Fund, which is wholly owned by Mr. Lam Ching Kui, an executive Director, holds 1,554,338,600 Shares.
- (2) Mr. Lam Ching Kui, the Chairman and executive Director of the Company, directly holds 38,481,000 Shares.
- (3) For indicative purposes only, as the number of Conversion Shares to be issued upon the conversion of the Convertible Bonds are subject to: (i) the minimum public float requirement of the Listing Rules; (ii) no mandatory general offer obligation under Rule 26 of the Takeovers Code being triggered (on the part of the First Bondholders only); and (iii) Mr. Lam Ching Kui and any parties acting in concert with him not ceasing to be the controlling Shareholder of the Company within the meaning of the Listing Rules.
- (4) 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.
- (5) First Bondholder A and First Bondholder B will no longer be public shareholder after the conversion of the First Convertible Bonds in full as their respective shareholding in the Company will exceed 10%.
- (6) Assuming all of the Conversion Rights attached to the Second Convertible Bonds are exercised in full.

LETTER FROM THE BOARD

INFORMATION ABOUT THE GROUP

The Group is principally engaged in (i) general trading; (ii) network and system integration by the production of software and provision of solutions and related services; and (iii) investment holdings.

INFORMATION ABOUT THE BONDHOLDERS

The Bondholders are individual investors who are experienced in investments and the finance industry. As at the Latest Practicable Date, the First Bondholder A and the First Bondholder B are the beneficial owners of 40,221,600 Shares and 5,836,200 Shares respectively, representing approximately 1.88% and 0.27% of the existing issued share capital of the Company. The Second Bondholder A and the Second Bondholder B are the beneficial owners of 65,002,600 Shares and 65,000,000 Shares respectively, representing approximately 3.04% and 3.04% of the existing issued share capital of the Company.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as disclosed above, each of the Bondholders is a third party independent of the Company and its connected persons and they are independent from and not acting in concert with each other or their respective associates.

LISTING RULES IMPLICATIONS

Pursuant to Rule 28.05 of the Listing Rules, any alteration in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alteration takes effect automatically under the existing terms of such convertible debt securities.

The grant of the Specific Mandate for the issue and allotment of the Conversion Shares is subject to approval by the Independent Shareholders at the SGM.

Application has been made to the Stock Exchange for its approval of: (i) the Alteration of Terms; and (ii) the listing of, and permission to deal in, the Conversion Shares arising from the conversion of the outstanding Convertible Bonds.

SPECIAL GENERAL MEETING

The SGM will be held by the Company at 13/F, Admiralty Centre 2, 18 Harcourt Road, Admiralty, Hong Kong on Tuesday, 28 December 2021 at 10:00 a.m., to consider and if thought fit, to approve the Alteration of Terms.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, other than the Bondholders who shall abstain from voting on the resolution to approve the Alteration of Terms, no Shareholder is required to abstain from voting on any of the resolutions to be proposed at the SGM.

The notice of the SGM is set out on pages 16 to 18 of this circular.

LETTER FROM THE BOARD

A form of proxy for use at the SGM is enclosed with this circular. For those who intend to direct a proxy to attend the SGM, please complete the form of proxy and return the same in accordance with the instructions printed thereon. In order to be valid, the above documents must be delivered to the Company's branch share registrar in Hong Kong, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong not less than 48 hours before the time appointed for the SGM or any resumed session.

You are urged to complete and return the form of proxy whether or not you intend to attend the SGM. Completion and return of the form of proxy will not preclude you from attending and voting at the SGM (or any subsequent meetings following the adjournments thereof) should you wish to do so.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 22 December 2021 to 28 December 2021 (both days inclusive), during which time no share transfers will be effected. The Shareholders whose names appear on the register of members of the Company on 21 December 2021 are entitled to attend and vote in respect of the resolution to be proposed at the SGM.

RECOMMENDATION

The Board is of the view that the Alteration of Terms is in the interests of the Company and the Shareholders as a whole. As such, the Board recommends that all Independent Shareholders vote in favour of the ordinary resolutions to be proposed at the SGM.

VOTE BY POLL

In accordance with the Bye-laws of the Company, all the votes at the SGM must be taken by poll. The methods of voting by the Shareholders at the SGM will be conducted by the combination of on-site voting and online voting.

By Order of the Board
Wai Chun Group Holding Limited
Lam Ching Kui
Chairman and Chief Executive Officer

NOTICE OF SGM



偉俊集團控股有限公司*

Wai Chun Group Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 1013)

NOTICE IS HEREBY GIVEN THAT a special general meeting (the “**Meeting**”) of Wai Chun Group Holdings Limited (the “**Company**”) will be held at 13/F, Admiralty Centre 2, 18 Harcourt Road, Admiralty, Hong Kong on Tuesday, 28 December 2021 at 10:00 a.m. to consider and, if thought fit, pass (with or without modification) the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

1. “**THAT**

- (a) the terms of the 4% coupon convertible bonds due 2023 issued by the Company on 18 August 2020 in the aggregate principal amount of HK\$152,000,000 (the “**First Convertible Bonds**”) be amended as follows (the “**Alteration of Terms of the First Convertible Bonds**”):
- (i) the conversion price of the First Convertible Bonds be reduced from HK\$0.18 per ordinary share (the “**Share**”) of HK\$0.1 in the Company (the “**Conversion Share**”) to HK\$0.048 per Conversion Share, subject to adjustment in accordance with the terms of the First Convertible Bonds;
 - (ii) the interest rate of the First Convertible Bonds be reduced from 4% per annum to 2% per annum;
 - (iii) the First Convertible Bonds be redeemed at 98% of its principal amount at maturity; and
 - (iv) the conversion rights attached to the First Convertible Bonds be only exercised on the condition that any conversion of the First Convertible Bonds does not: (aa) trigger a mandatory general offer obligation on the holder of the First Convertible Bonds under Rule 26 of the Hong Kong Code on Takeovers and Mergers; and (bb) result in Mr. Lam Ching Kui and any parties acting in concert with him (including Ka Chun Holdings Limited) ceasing to be the controlling shareholder of the Company within the meaning of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
- (b) the directors of the Company (the “**Directors**”) be and are hereby authorised, as a specific mandate, to allot, issue and deal with the 3,166,666,666 Shares (subject to adjustment) which may be issued by the Company upon full exercise of the conversion rights attached to the First Convertible Bonds; and

* For identification purpose only

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- (c) any one or more of the Directors be and are hereby authorised to do all such acts, deeds and things and to sign and execute all such documents, including under the seal of the Company (where applicable), on behalf of the Company, as he/she/they may, in his/her/their absolute discretion, consider necessary, desirable or expedient to implement and give effect to the Alteration of Terms of the First Convertible Bonds.”

2. **“THAT**

- (a) the terms of the 4% coupon convertible bonds due 2023 issued by the Company on 18 November 2020 in the aggregate principal amount of HK\$23,480,000 (the **“Second Convertible Bonds”**) be amended as follows (the **“Alteration of Terms of the Second Convertible Bonds”**):
- (i) the conversion price of the Second Convertible Bonds be reduced from HK\$0.18 per Conversion Share to HK\$0.048 per Conversion Share, subject to adjustment in accordance with the terms of the Second Convertible Bonds;
- (ii) the interest rate of the Second Convertible Bonds be reduced from 4% per annum to 2% per annum; and
- (iii) the Second Convertible Bonds be redeemed at 98% of its principal amount at maturity;
- (b) the Directors be and are hereby authorised, as a specific mandate, to allot, issue and deal with the 489,166,666 Shares (subject to adjustment) which may be issued by the Company upon full exercise of the conversion rights attached to the Second Convertible Bonds; and
- (c) any one or more of the Directors be and are hereby authorised to do all such acts, deeds and things and to sign and execute all such documents, including under the seal of the Company (where applicable), on behalf of the Company, as he/she/they may, in his/her/their absolute discretion, consider necessary, desirable or expedient to implement and give effect to the Alteration of Terms of the Second Convertible Bonds.”

On behalf of the Board
Wai Chun Group Holdings Limited
Lam Ching Kui
Chairman and Chief Executive Officer

Hong Kong, 9 December 2021

NOTICE OF SGM

Registered office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Principal Place of Business in Hong Kong:

13/F, Admiralty Centre 2,
18 Harcourt Road,
Admiralty,
Hong Kong.

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and on a poll vote instead of him. A proxy need not be a member of the Company.
2. In order to be valid, a form of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of authority, must be deposited at the Company's Share Registrar, Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, not less than 48 hours before the time fixed for holding the Meeting or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude any member from attending and voting in person at the Meeting or any adjourned meeting thereof should he so wishes.
3. In case of joint shareholdings, the vote of the senior joint shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint shareholder(s) and for this purposes seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the joint shareholding.
4. The register of members of the Company will be closed from 22 December 2021 to 28 December 2021 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the Meeting (or any adjournment thereof), all transfers of shares of the Company accompanied by the relevant share certificates(s) must be lodged with the Company's branch share registrar in Hong Kong at the above address by no later than 4:00 p.m. on 21 December 2021
5. In case a Typhoon Signal No. 8 (or above) or a Black Rainstorm Warning Signal is hoisted but lowered before 7:00 a.m. on 28 December 2021, the Meeting will be held as scheduled at 10:00 a.m. on the same day at the same venue; or a Typhoon Signal No. 8 (or above) or a Black Rainstorm Warning Signal is hoisted or remains hoisted any time after 7:00 a.m. on 28 December 2021, the Meeting will be adjourned to another date to be announced by the Company.
6. As at the date of this notice, the Board consists of one executive Director, namely Mr. Lam Ching Kui (Chairman and Chief Executive Officer) and two independent non-executive Directors, namely Mr. Chan Wai Dune and Dr. Wang Wei.