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## **HANVEY GROUP HOLDINGS LIMITED**

### **恆偉集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8219)**

## **PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY TWO SHARES HELD ON THE RECORD DATE**

### **PROPOSED RIGHTS ISSUE**

The Company proposes to implement the Rights Issue on the basis of one (1) Rights Share for every two (2) Shares held on the Record Date at the Subscription Price of HK\$0.22 per Rights Share, to raise HK\$11 million by issuing 50,000,000 Rights Shares to the Qualifying Shareholders. The Rights Issue will only be available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders (if any).

There will be no excess application arrangements in relation to the Rights Issue and the Rights Issue is not underwritten. Any Unsubscribed Rights Shares and NQS Unsold Rights Shares will be placed to independent places on a best effort basis under the Compensatory Arrangements. Any of the Rights Shares which remain unsold in the market will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

The maximum net proceeds from the Rights Issue (after deducting the estimated expenses) are estimated to be approximately HK\$10 million. The estimated net subscription price per Rights Share after deducting the related expenses of the Rights Issue is expected to be approximately HK\$0.2. The Company intends to apply the net proceeds from the proposed Rights Issue as to (i) approximately 70% of the net proceeds for repayment of bank loans and borrowings of the Group; and (ii) approximately 30% of the net proceeds for the for general working capital of the Group.

In order to be registered as members of the Company on the Record Date, all transfers of the Shares (together with the relevant share certificate(s) and/or instrument(s) of transfer) must be lodged with the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, by 4:30 p.m. on Wednesday, 12 January 2022.

The last day of dealing in the Shares on cum-rights basis is Monday, 10 January 2022. The Shares will be dealt with on an ex-rights basis from Tuesday, 11 January 2022.

As at the date of this announcement, Million Easy is beneficially interested in an aggregate of 62,000,000 Shares, representing approximately 62% of the issued share capital of the Company, has undertaken, among other matters, that: (i) it will not sell, transfer or otherwise dispose of the Shares owned by it up to and including the Record Date; and (ii) it will subscribe in full the Rights Shares to be provisionally allotted to it under the Rights Issue.

As at the date of this announcement, the Board has not received any information from any other Shareholders of its intention to take up the Rights Shares to be provisionally allotted to them.

According to Rule 10.31(1)(b) of the GEM Listing Rules, the Company will make arrangements 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 placees, who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies) for the benefit of the Shareholders to whom they were offered by way of the Rights Issue. Accordingly, on 24 December 2021 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent placees on a best effort basis. For details of the Placing Agreement and the Compensatory Arrangements, please refer to the paragraph headed “Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the Compensatory Arrangements” in this announcement. The Placing Agent confirmed that it and its ultimate beneficial owner(s) (i) are not Shareholder; and (ii) they are Independent Third Parties.

## **GEM LISTING RULES IMPLICATIONS**

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

## **GENERAL**

The Company will despatch the Prospectus Documents containing, among other matters, details of the proposed Rights Issue, to the Qualifying Shareholders. The Company will despatch the Prospectus to the Non-Qualifying Shareholders (if any) for their information only, but the Company will not send the PAL to the Non-Qualifying Shareholders (if any).

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

**The Shares will be dealt on an ex-rights basis from Tuesday, 11 January 2022. Dealings in the nil-paid rights are expected to take place from Monday, 24 January 2022 to Monday, 31 January 2022 (both days inclusive). If the conditions of the Rights Issue (please refer to the paragraph headed “Conditions of the Rights Issue” in this announcement) are not fulfilled, the Rights Issue will not proceed.**

**Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or the nil-paid rights is advised to exercise caution when dealing in the Shares and/or the nil-paid rights.**

**Any person 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 advisor(s). Any Shareholder or other person dealing in the Shares or in the nil-paid rights up to the time at which the Rights Issue becomes unconditional will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed.**

## **PROPOSED RIGHTS ISSUE**

The Company proposes to implement the Rights Issue on the basis of one (1) Rights Share for every two (2) Shares held on the Record Date at the Subscription Price of HK\$0.22 per Rights Share, to raise HK\$11 million by issuing 50,000,000 Rights Shares to the Qualifying Shareholders. The Rights Issue will only be available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders (if any). Further details of the Rights Issue are set out below:

### **Issue statistics**

Basis of the Rights Issue:	:	One (1) Rights Share for every two (2) Shares held on the Record Date
Subscription Price	:	HK\$0.22 per Rights Share
Number of Shares in issue at the date of this announcement	:	100,000,000 Shares
Number of Rights Shares	:	Up to 50,000,000 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Aggregate nominal value of the Rights Shares	:	Up to HK\$5,000,000 (assuming no change in the number of Shares in issue on or before the Record Date)

Number of Shares as enlarged by the allotment and issue of the Rights Shares : Up to 150,000,000 Shares (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)

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

Assuming no change in the number of issued Shares on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 50,000,000 Rights Shares to be issued pursuant to the terms of the proposed Rights Issue represents (i) 50% of the total number of issued Shares as at the date of this announcement; and (ii) approximately 33.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

### **Non-underwritten basis**

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. In the event that the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders or holders of nil-paid rights together with the NQS Unsold Rights Shares will be placed to independent places on a best effort basis under the Compensatory Arrangements. Any Unsubscribed Rights Shares and NQS Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

There are no statutory requirements regarding minimum subscription levels in respect of the Rights Issue. There is no minimum amount to be raised under the Rights Issue. As the Rights Issue will proceed on a non-underwritten basis, any Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 10.26(2) of the GEM Listing Rules.

### **Subscription Price**

The Subscription Price is HK\$0.22 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 22.81% to the closing price of HK\$0.285 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 22.81% to the average closing price of approximately HK\$0.285 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 16.35% to the theoretical ex-rights price of approximately HK\$0.263 per Share, based on the closing price of HK\$0.285 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (iv) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) represented by a discount of approximately 7.60%, represented by the theoretical diluted price of approximately HK\$0.263 per Share to the benchmarked price of approximately HK\$0.285 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.285 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the date of this announcement of approximately HK\$0.285 per Share).

*Note:*

Reference are made to the circular of the Company dated 1 November 2021 (the “Circular”) and the poll results announcement of the Company dated 17 November 2021 in relation to the Share Consolidation. Following the approval of the Share Consolidation by the Shareholders on 17 November 2021, the Share Consolidation became effective on 19 November 2021. To facilitate the trading of the Shares under the Share Consolidation, a parallel trading arrangement is in place during the period from 9:00 am on 3 December 2021 to 4:10 pm on 23 December 2021. During the parallel trading period, the Shares of the Company are traded on the Stock Exchange in two different stock codes, namely in the stock code of 8219 in the board lots of 10,000 Shares and in the stock code of 8597 in the board lots of 1,000 Shares. Please refer to the Circular for further details on the Share Consolidation. For the purpose of determining the discount to the Subscription Price, only the higher closing price of the Shares in the stock code of 8219 or 8597 was taken into account. Please refer to the table below for the closing price of the Share in the stock codes of 8219 and 8597, respectively.

<b>Trading days</b>	<b>Stock Code: 8219</b>	<b>Stock Code: 8597</b>
	<b>Closing price</b>	<b>Closing price</b>
	<i>HK\$</i>	<i>HK\$</i>
17 December 2021	0.285	0.255
20 December 2021	0.285	0.255
21 December 2021	0.285	0.255
22 December 2021	0.285	0.255
23 December 2021	0.285	0.255
24 December 2021	0.285	–

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\$0.20.

The Subscription Price was determined after by the Company with reference to, among others, (i) the market price of the Shares under the prevailing market conditions, (ii) the latest business performance and financial position of the Group; and (iii) the reasons for and benefits of proposed Rights Issue as discussed in the section headed “Reasons for and benefits of the Rights Issue and intended use of proceeds” in this announcement.

The Directors (including the independent non-executive Directors) consider that, despite any potential dilution impact of the proposed Rights Issue on the shareholding interests of the Shareholders, the terms of the proposed Rights Issue, including the Subscription Price, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole, after taking into account the following factors: (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the proposed Rights Issue are able to sell the nil-paid rights in the market; (ii) the proposed Rights issue allows the Qualifying Shareholders an opportunity to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a relatively low price as compared to the historical market price of the Shares and discount to the recent closing prices of the Shares; and (iii) the proceeds from the Rights Issue can fulfil the funding needs of the Group.

### **Qualifying Shareholders**

The Company will send the Prospectus Documents to the Qualifying Shareholders only. For the Non-Qualifying Shareholders, the Company will send copies of the Prospectus to them for their information only, but no PAL will be sent to the Non-Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not be a Non-Qualifying Shareholder on the Record Date.

Shareholders whose Shares are held by nominee companies (or which are deposited in CCASS) should note that the Board will regard a nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies (or which are deposited in CCASS) 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.

In order to be registered as members of the Company on the Record Date, a Shareholder must lodge the relevant transfer(s) of Share(s) (with the relevant share certificates) with the Registrar at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong by 4:30 p.m. on Wednesday, 12 January 2022. The last day of dealing in the Shares on cum-rights basis is Monday, 10 January 2022.

The Shares will be dealt with on an ex-rights basis from Tuesday, 11 January 2022.

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

### **Rights of Overseas Shareholders**

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholder(s) may not be eligible to take part in the Rights Issue.

In compliance with the necessary requirements of the GEM Listing Rules, the Company will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholder(s) (if any). If, after making such enquiries, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholder(s) on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in that (those) place(s), the Rights Issue will not be extended to such Overseas Shareholder(s). The Company will send the Prospectus (without the PAL) to the Non-Qualifying Shareholders for their information only.

The basis for excluding the Non-Qualifying Shareholders(s), if any, from the Rights Issue will be set out in the Prospectus. The Company will send the Prospectus (without the PAL) to the Non-Qualifying Shareholders for their information only.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholder(s) to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses and stamp duty, of more than HK\$100 will be paid pro rata to the Non-Qualifying Shareholder(s). The Company will retain individual amounts of HK\$100 or less for the benefit of the Company.

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

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

The register of members of the Company will be closed from Thursday, 13 January 2022 to Wednesday, 19 January 2022 (both days inclusive) for determining the Shareholders' entitlements to the Rights Issue.

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

## **Basis of provisional allotment**

The basis of the provisional allotment shall be one (1) Rights Share for every two (2) Shares in issue and held by the Qualifying Shareholders at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Prospectus Documents.

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. There will be no excess application arrangements in relation to the Rights Issue.

## **Fractional entitlements to the Rights Shares**

No fractional entitlements to the Rights Shares shall be issued to the Shareholders and no entitlements of the Non-Qualifying Shareholders to the Rights Shares shall be issued to the Non-Qualifying Shareholders. All fractions of the Rights Shares shall be rounded down to the nearest whole number of Rights Shares and aggregated and, if a premium (net of expenses) can be achieved, sold in the market by the Company.

## **Status of the Rights Shares**

The Rights Shares, when allotted and issued, shall 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 after the date of allotment of the Rights Shares in their fully-paid form.

## **Share certificates for the Rights Issue**

Subject to the fulfillment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Monday, 28 February 2022.

## **Irrevocable Undertaking**

As at the date of this announcement, Million Easy is beneficially interested in an aggregate of 62,000,000 Shares, representing approximately 62% of the issued share capital of the Company, has undertaken, among other things, that: (i) it will not sell, transfer or otherwise dispose of the Shares owned by it up to and including the Record Date; and (ii) it will subscribe in full the Rights Shares to be provisionally allotted to it under the Rights Issue.

As at the date of this announcement, the Board has not received any information from any other Shareholders of its intention to take up the Rights Shares to be provisionally allotted to them.

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

According to Rule 10.31(1)(b) of the GEM Listing Rules, the Company will make arrangements 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 placees for the benefit of the Shareholders to whom they were offered by way of the Rights Issue. Accordingly, 24 December 2021 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent placees on a best effort basis.

Pursuant to the Placing Agreement, the Company has appointed the Placing Agent to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares during the Placing Period to independent placees on a best effort basis, and any premium over the Subscription Price for those Rights Shares that is realised will be paid to those No Action Shareholders on a pro-rata basis. The Placing Agent will, on a best effort basis, procure, by not later than 4:00 p.m. on Friday, 18 February 2022, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and the NQS Unsold Rights Shares. Any Unsubscribed Rights Shares and the NQS Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Net Gain (if any) will be paid (without interest) to the No Action Shareholders as set out below on pro rata basis (but rounded down to the nearest cent):

- A. the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for; and
- B. the relevant Non-Qualifying Shareholders with reference to their shareholdings in the Company on the Record Date.

If and to the extent in respect of any Net Gain, any No Action Shareholders become entitled on the basis described above to an amount of HK\$100 or more, such amount will be paid to the relevant No Action Shareholder(s) in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit.

## **Placing Agreement for the Unsubscribed Rights Shares and NQS Unsold Rights Shares**

Details of the Placing Agreement are summarised as follows:

- Date : 24 December 2021
- Issuer : The Company
- Placing Agent : Gransing Securities Co., Limited was appointed as the Placing Agent to procure, on a best efforts basis, places to subscribe for the Unsubscribed Rights Shares and NQS Unsold Rights Shares during the Placing Period.

The Placing Agent confirmed that it and its ultimate beneficial owner(s) (i) are not Shareholder; and (ii) they are Independent Third Parties.

- Placing Period : The period commencing from the sixth Business Day after the Latest Time for Acceptance and ending on 4:00 p.m. on the eighth Business Day after the Latest Time for Acceptance.

- Commission and expenses : Subject to completion of the Placing, the Company shall pay to the Placing Agent a placing commission in Hong Kong dollars, of 3.5% of the amount which is equal to the placing price multiplied by the number of Unsubscribed Rights Shares and NQS Unsold Rights Shares that have been successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement.

- Placing price of the Unsubscribed Rights Shares and NQS Unsold Rights Shares : The placing price of the Unsubscribed Rights Shares and NQS Unsold Rights Shares shall be not less than the Subscription Price and the final price determination will be depended on the demand for and the market conditions of the Unsubscribed Rights Shares and NQS Unsold Rights Shares during the process of placement.

- Placees : The Unsubscribed Rights Shares and NQS Unsold Rights Shares are expected to be placed to placee(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies).

For the avoidance of doubt, no placee shall become a substantial shareholder of the Company.

- Ranking of the placed Unsubscribed Rights Shares and NQS Unsold Rights Shares : The placed Unsubscribed Rights Shares and NQS Unsold Rights Shares (when allotted, issued and fully paid, if any) shall rank pari passu in all respects among themselves and with the existing Shares in issue as at the date of completion of the Rights Issue.
- Conditions of the Placing Agreement : The obligations of the Placing Agent under the Placing Agreement are conditional upon, among others, the following conditions being fulfilled
- (i) the GEM Listing Committee having granted the listing of, and permission to deal in, the Rights Shares;
  - (ii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained; and
  - (iii) the Placing Agreement not having been terminated in accordance with the provisions thereof, including provisions regarding the force majeure events.

In the event that the above condition precedents have not been fulfilled on or before the Latest Time for Termination, all rights, obligations and liabilities of the parties thereunder in relation to the Placing shall cease and determine and none of the parties shall have any claim against the other in respect of the Placing (save for any antecedent breaches thereof).

The engagement between the Company and the Placing Agent of the Unsubscribed Rights Shares and NQS Unsold Rights Shares (including the commission payable) was determined after arm's length negotiation between the Placing Agent and the Company and is on normal commercial terms with reference to the market comparables, the existing financial position of the Group, the size of the Rights Issue, and the current and expected market conditions. The Directors consider that the terms of Placing Agreement in respect of the Unsubscribed Rights Shares and NQS Unsold Rights Shares (including the commission payable) are on normal commercial terms.

As explained above, the Unsubscribed Rights Shares and NQS Unsold Rights Shares will be placed by the Placing Agent to Independent Third Parties on a best effort basis for the benefits of the No Action Shareholders. If all or any of the Unsubscribed Rights Shares and NQS Unsold Rights Shares are successfully placed, any premium over the Subscription Price will be distributed to the relevant No Action Shareholders.

The Board is of the view that the above Compensatory Arrangements are fair and reasonable and are in the best interests of the Shareholders as a whole:

- (i) the arrangements are in compliance with the requirements under Rule 10.31(1)(b) of the GEM Listing Rules under which the No Action Shareholders may be compensated even if they do nothing (i.e. neither subscribe for Rights Shares nor sell their nil-paid rights) because under the arrangements, the Unsubscribed Rights Shares and the NQS Unsold Rights Shares will be first offered to Independent Third Parties and any premium over the Subscription Price will be paid to the No Action Shareholders. The commission payable to the Placing Agent and the related fees and expenses in relation to such placing will be borne by the Company;
- (ii) the Compensatory Arrangements (including the determination of the placing price) will be managed by an independent licensed placing agent which is subject to the stringent code of conduct over, among others, pricing and allocation of the placing Shares. The Placing Agent and its ultimate beneficial owner(s) (a) are not Shareholder; and (b) are Independent Third Parties; and
- (iii) the Compensatory Arrangements will not only provide an additional channel of participation in the Rights Issue for the Qualifying Shareholders and the Non-Qualifying Shareholders, it also provides a distribution channel of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to the Company.

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

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

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

Dealing in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company in Hong Kong will be in the board lots of 10,000 Rights Shares and will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

### **Conditions of the Rights Issue**

The Rights Issue is conditional upon:

- (a) the delivery to the Stock Exchange for authorization and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents not later than the Prospectus Posting Date;
- (b) the posting of the Prospectus Documents to the Qualifying Shareholders by the Prospectus Posting Date;
- (c) the GEM Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and the permission to deal in, the Rights Shares (in their nil-paid and fully-paid forms) by no later than the business day prior to the first day of their dealings; and
- (d) compliance with the requirements under the applicable laws and regulations of Hong Kong and the Cayman Islands.

None of the above conditions can be waived. If any of the conditions referred to above is not fulfilled by the Latest Time for Termination, the Rights Issue will not proceed.

## EXPECTED TIMETABLE

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

### Expected Timetable

2021

Announcement of the Rights Issue . . . . . Friday, 24 December

2022

Last day of dealings in Shares on a cum-rights basis . . . . . Monday, 10 January

First day of dealings in Shares on an ex-rights basis . . . . . Tuesday, 11 January

Latest time for the Shareholders to lodge  
transfer documents to Shares in order to  
qualify for the Rights Issue . . . . . 4:30 p.m. on  
Wednesday, 12 January

Register of members of the Company closes  
(both days inclusive) . . . . . Thursday, 13 January to  
Wednesday, 19 January

Record Date for determining entitlements  
to the Rights Issue . . . . . Wednesday, 19 January

Register of members of the Company re-opens . . . . . Thursday, 20 January

Despatch of Prospectus Documents  
(in the case of Non-Qualifying Shareholders,  
the Prospectus only) . . . . . Thursday, 20 January

First day of dealing in nil-paid Rights Shares . . . . . Monday, 24 January

Latest time for splitting of the PAL . . . . . 4:30 p.m. on  
Wednesday, 26 January

Last day of dealing in nil-paid Rights Shares . . . . . Monday, 31 January

Latest Time for Acceptance of and payment  
for the Rights Shares . . . . . 4:00 p.m. on  
Tuesday, 8 February

## Expected Timetable

2022

Announcement of the number of Unsubscribed Rights Shares and NQS Unsold Rights Shares subject to the Compensatory Arrangements . . . . . Tuesday, 15 February

Commencement of placing of Unsubscribed Rights Shares and NQS Unsold Rights Shares by the Placing Agent . . . . . Wednesday, 16 February

Latest time of placing of Unsubscribed Rights Shares and NQS Unsold Rights Shares by the Placing Agent . . . . . 4:00 p.m. on Friday, 18 February

Latest Time for Termination . . . . . 4:00 p.m. on Monday, 21 February

Announcement of results of the Rights Issue (including results of the placing of Unsubscribed Rights Shares and NQS Unsold Rights Shares and the amount of the Net Gain per Unsubscribed Rights Share and NQS Unsold Rights Share under the Compensatory Arrangements) . . . . . Friday, 25 February

Despatch of refund cheques, if any, if the Rights Issue is terminated, on or before . . . . . Monday, 28 February

Despatch of certificates for fully-paid Rights Shares . . . . . Monday, 28 February

Expected first day of dealings in fully-paid Rights Shares . . . . . 9:00 a.m. on Tuesday, 1 March

Payment of Net Gain to relevant No Action Shareholders (if any) . . . . . Tuesday, 29 March

Dates or deadlines specified in expected timetable above or in other parts of this announcement are indicative only and may be varied by the Company. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

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

The Latest Time for Acceptance of and payment for the Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning or “extreme conditions” caused by super typhoons:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Tuesday, 8 February 2022. Instead the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Tuesday, 8 February 2022. Instead the latest time for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance of and payment for the Rights Shares does not take place on or before 4:00 p.m. on Tuesday, 8 February 2022, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

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

The Group is principally engaged in design and development, manufacturing and distribution of watch products on original design manufacturing basis for watch manufacturers, brand owners and watch importers across the globe.

The Company intends to raise funds by way of the Rights Issue. The maximum net proceeds from the Rights Issue (after deducting the estimated expenses) are estimated to be approximately HK\$10 million. The estimated net subscription price per Rights Share after deducting the related expenses of the Rights Issue is expected to be approximately HK\$0.20. The Company intends to use the net proceeds from the Rights Issue as to (i) approximately 70% of the net proceeds for repayment of bank loans and borrowings of the Group ; and (ii) approximately 30% of the net proceeds for the for general working capital of the Group.

The Company had considered other fund-raising alternatives available to the Group, including debt financing. The Company is of the view that debt financing will result in interest burden and will increase the gearing ratio of the Group. The Board considers that it is prudent to finance the Group’s long-term growth by long-term financing, preferably in the form of equity which will not increase the Group’s finance costs. In addition, the Board believes that the Rights Issue will enable the Group to strengthen its capital base and enhance its financial position by improving the gearing position of the Group and for future strategic investments as and when such opportunities arise.

Since the Rights Issue will allow the Qualifying Shareholders to maintain their proportional shareholdings in the Company, the Board considers that raising capital through the Rights Issue is in the best interest of the Company and the Shareholders as a whole. However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholders (if any) should note that their shareholdings in the Company will be diluted.

## CHANGE IN THE SHAREHOLDING STRUCTURE OF THE COMPANY ARISING FROM THE RIGHTS ISSUE

For illustration purposes only, set out below is the shareholding structure of the Company as at the date of the announcement, and the effect on the shareholding structure of the Company upon completion of the Rights Issue:

Shareholders	At the date of this announcement		Immediately upon completion of the Rights Issue assuming no acceptance by any Qualifying Shareholder (other than Million Easy) and no Unsubscribed Rights Shares and NQS Unsold Rights Shares have been placed by the Placing Agent		Immediately upon completion of the Rights Issue assuming full acceptance by all Qualifying Shareholders		Immediately upon completion of the Rights Issue assuming no acceptance by any Qualifying Shareholder (other than Million Easy) and all Unsubscribed Rights Shares and NQS Unsold Rights Shares have been placed by the Placing Agent	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Million Easy (Note 1)	62,000,000	62.00	93,000,000	70.99	93,000,000	62.00	93,000,000	62.00
Independent places	-	-	-	-	-	-	19,000,000	12.67
Public Shareholders	38,000,000	38.00	38,000,000	29.01	57,000,000	38.00	38,000,000	25.33
Total	<u>100,000,000</u>	<u>100.00</u>	<u>131,000,000</u>	<u>100.00</u>	<u>150,000,000</u>	<u>100.00</u>	<u>150,000,000</u>	<u>100.00</u>

### Notes:

- The shares of the Company are registered in the name of Million Easy, the entire issued share capital of which are legally and beneficially owned by Mr. Cheuk and Mrs. Cheuk in equal shares. Under the SFO, both Mr. Cheuk and Mrs. Cheuk are deemed to be interested in all the shares of the Company held by Million Easy.

## **FUND RAISING EXERCISE IN THE PAST 12 MONTHS**

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

## **GEM LISTING RULES IMPLICATIONS**

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

## **GENERAL**

The Company will despatch the Prospectus Documents containing, among other matters, details of the proposed Rights Issue, to the Qualifying Shareholders. The Company will despatch the Prospectus to the Non-Qualifying Shareholders (if any) for their information only, but the Company will not send the PAL to the Non-Qualifying Shareholders (if any).

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

**The Shares will be dealt on an ex-rights basis from Tuesday, 11 January 2022. Dealings in the nil-paid rights are expected to take place from Monday, 24 January 2022 to Monday, 31 January 2022 (both days inclusive). If the conditions of the Rights Issue (please refer to the paragraph headed "Conditions of the Rights Issue" in this announcement) are not fulfilled, the Rights Issue will not proceed.**

**Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or nil-paid rights is advised to exercise caution when dealing in the Shares and/or the nil-paid rights.**

**Any person 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 advisor(s). Any Shareholder or other person dealing in the Shares or in the nil-paid rights up to the time at which the Rights Issue becomes unconditional will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed.**

## DEFINITIONS

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

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“business day(s)”	any day (other than a Saturday or Sunday or public holiday or a day on which a tropical cyclone warning signal no. 8 or above or “black” rainstorm warning signal is hoisted or remains hoisted or “extreme conditions” caused by super typhoons in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	HANVEY GROUP HOLDINGS LIMITED, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM
“Compensatory Arrangements”	the compensatory arrangements pursuant to Rule 10.31(1)(b) of the GEM Listing Rules as described in the paragraph headed “Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the Compensatory Arrangements” in this announcement
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Controlling Shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Committee”	has the meaning ascribed to it in the GEM Listing Rules

“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, are independent of and not acting in concert or connected with the Company and its connected persons or any of their respective associates
“Irrevocable Undertaking”	the irrevocable undertaking dated 24 December 2021 under which Million Easy has undertaken, among other things, to subscribe in full the Rights Shares to be provisionally allotted to it under the Rights Issue
“Last Trading Day”	24 December 2021, being the last trading day of the Shares on the Stock Exchange prior to the publication of this announcement
“Latest Lodging Time”	4:30 p.m. on Wednesday, 12 January 2022 or such other date as the Company may agree, being the latest time for the Shareholders to lodge transfer of Shares in order to qualify for the Rights Issue
“Latest Time for Acceptance”	4:00 p.m. on Tuesday, 8 February 2022 or such later time or date as may be determined by the Company, being the latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus Documents
“Latest Time for Termination”	4:00 p.m. on the first Business Day after the latest time for the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent, being the latest time to terminate the Placing Agreement
“Million Easy”	Million Easy Enterprises Ltd., a company incorporated in the British Virgin Islands with limited liability, which is owned as by Mr. Cheuk and Mrs. Cheuk in equal shares, being the legal and beneficial owner of 62,000,000 Shares as at the date of this announcement

“Mr. Cheuk”	Mr. Cheuk Sin Cheong, Clement, the chairman of the Board, the chief executive officer of the Company and an executive Director, the spouse of Mrs. Cheuk
“Mrs. Cheuk”	Ms. Au Corona Ching Mei M.H, an executive Director and the spouse of Mr. Cheuk
“Net Gain”	the aggregate of any premiums (being the aggregate amount paid by the placees after deducting 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 Placing Agreement) under the Compensatory Arrangements
“No Action Shareholder(s)”	Qualifying Shareholder(s) who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or their renounees who hold any nil-paid rights at the time such nil-paid rights are lapsed, and/or the Non-Qualifying Shareholders (if any)
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiry as required under the GEM Listing Rules, consider it necessary or expedient not to offer the Rights Shares to such Shareholders on account either of restrictions under the laws of the relevant place or the requirements of a relevant regulatory body or stock exchange in that place
“NQS Unsold Rights Shares”	the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders (if any) in nil-paid form that have not been sold by the Company
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong
“PAL(s)”	the renounceable provisional allotment letter(s) in respect of the Rights Issue proposed to be issued to the Qualifying Shareholders

“Placing”	the offer by way of private placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares on a best effort basis by the Placing Agent and/or its sub-placing agents(s), who and whose ultimate beneficial owners shall not be the Shareholder(s) and shall be the Independent Third Party(ies), to the independent placee(s) during the Placing Period on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Gransing Securities Co., Limited, a corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
“Placing Agreement”	the placing agreement dated 24 December 2021 and entered into between the Company and the Placing Agent in relation to the placing of Unsubscribed Rights Shares and the NQS Unsold Rights Shares
“Placing Period”	the period commencing from the sixth Business Day after the Latest Time for Acceptance and ending on 4:00 p.m. on the eighth Business day after the Latest Time for Acceptance
“Prospectus”	the prospectus to be despatched to the Shareholders by the Company containing details of the proposed Rights Issue
“Prospectus Documents”	the Prospectus and the PAL
“Prospectus Posting Date”	Thursday, 20 January 2022, or such other day as may be determined by the Company for the despatch of the Prospectus Documents
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholders
“Record Date”	Wednesday, 19 January 2022 or such other date as may be determined by the Company for the determination of the entitlements under the Rights Issue

“Registrar”	the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Rights Issue”	the proposed issue by way of rights on the basis of one (1) Rights Share for every two (2) Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Prospectus Documents
“Rights Share(s)”	new Shares to be allotted and issued under the proposed Rights Issue on the basis of one (1) Rights Share for every two (2) Shares in issue on the Record Date, being 50,000,000 Shares based on the Company’s issued share capital as at the date of this announcement
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in issued share capital of the Company
“Share Consolidation”	the consolidation of every ten (10) issued and unissued ordinary share(s) of HK\$0.01 each into one (1) ordinary share(s) of HK\$0.10 each, details of which were set out in the circular of the Company dated 1 November 2021
“Shareholder(s)”	holder(s) of issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.22 per Rights Share
“substantial shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers (as amended and supplemented from time to time)
“Unsubscribed Rights Shares”	the Rights Shares that are not subscribed by the Qualifying Shareholders or holders of nil-paid rights

“%”

per cent.

By order of the Board  
**HANVEY GROUP HOLDINGS LIMITED**  
**CHEUK Sin Cheong Clement**  
*Chairman, Chief Executive Officer and Executive Director*

Hong Kong, 24 December 2021

*As at the date of this announcement, the Executive Directors are Mr. Cheuk Sin Cheong Clement and Ms. Au Corona Ching Mei M.H. and the Independent Non-executive Directors are Mr. Yu Sau Ning Homer M.H., Mr. Zhao Zhipeng, Ms. Yee Wai Fong Wendy and Dr. Liu Ngai Wing.*

*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 Listed Company Information” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its publication and on the website of the Company at [www.hanveygroup.com.hk](http://www.hanveygroup.com.hk).*