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LEISURE ENTERTAINMENT TASTE

LET GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1383)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Financial Advisor to the Company



Merdeka Corporate Finance Limited

Joint Placing Agents



Merdeka Securities Limited



MORTON SECURITIES LIMITED

Morton Securities Limited

THE PLACING

On 3 February 2023 (after trading hours), the Company entered into the Placing Agreement with the Joint Placing Agents, pursuant to which the Joint Placing Agents have conditionally agreed, as agents of the Company, to procure, on a best effort basis, not less than six Placeses who and whose ultimate beneficial owners and parties acting in concert with them shall be Independent Third Parties and did not hold interests in any of the Shares from the Change in Control Date up to immediately prior to the Completion to subscribe for a maximum of 269,000,000 Placing Shares at the Placing Price of HK\$0.186 per Placing Share.

The Placing Shares represent: (a) approximately 4.03% of the total existing issued Shares as at the date of this announcement; and (b) approximately 3.88% of the total issued Shares as enlarged by the allotment and issue of the Placing Shares (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the Completion Date other than the issue of the Placing Shares).

The Placing Price of HK\$0.186 per Placing Share represents (i) a discount of approximately 9.27% to the closing price of HK\$0.205 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 13.08% to the average closing price of approximately HK\$0.214 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

Assuming that all Placing Shares are placed, the gross proceeds from the Placing are expected to be HK\$50,034,000, and the net proceeds from the Placing (after deduction of the placing commission in respect of the Placing and other related expenses including, among others, the professional fees) are expected to be approximately HK\$48,500,000, representing a net issue price of approximately HK\$0.180 per Placing Share.

The Placing Shares will be allotted and issued pursuant to the General Mandate and is not subject to further Shareholders' approval. An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

The Company intends to apply the net proceeds from the Placing as to (i) approximately HK\$19.0 million to repay the interest of the Outstanding Loan; (ii) HK\$10.0 million to settle the arrangement fee of the SA Loan; and (iii) the remaining amount of approximately HK\$19.5 million for general working capital.

WARNING

As Completion is conditional upon fulfilment of the Conditions set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

THE PLACING AGREEMENT

On 3 February 2023 (after trading hours), the Company entered into the Placing Agreement with the Joint Placing Agents, pursuant to which the Joint Placing Agents have conditionally agreed, as agents of the Company, to procure, on a best effort basis, not less than six Placees who and whose ultimate beneficial owners and parties acting in concert with them shall be Independent Third Parties and did not hold interests in any of the Shares from the Change in Control Date up to immediately prior to the Completion to subscribe for a maximum of 269,000,000 Placing Shares at the Placing Price of HK\$0.186 per Placing Share.

The principal terms and conditions of the Placing Agreement are as follows:

Date

3 February 2023 (after trading hours)

Parties

- (1) The Company; and
- (2) The Joint Placing Agents

The Joint Placing Agents

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Joint Placing Agents and their ultimate beneficial owners are Independent Third Parties.

Pursuant to the terms of the Placing Agreement, each of the Joint Placing Agents will receive an arrangement fee of HK\$50,000 and a placing commission of 2.0% of the amount which is equal to the Placing Price multiplied by the number of Placing Shares actually placed by such Placing Agent.

The arrangement fee and the placing commission in respect of the Placing were negotiated on arm's length basis between the Company and the Joint Placing Agents and were determined with reference to, among other things, the prevailing commission rate charged by other placing agents, the size of the Placing and the price performance of the Shares.

The Directors consider that the arrangement fee and the placing commission in respect of the Placing are fair and reasonable based on current market conditions.

Number of the Placing Shares

The Joint Placing Agents have conditionally agreed to act as agents of the Company to procure, on a best effort basis, not less than six Placees who and whose ultimate beneficial owners and parties acting in concert with them shall be Independent Third Parties and did not hold interests in any of the Shares from the Change in Control Date up to immediately prior to the Completion to subscribe for up to 269,000,000 new Shares at the Placing Price (excluding brokerage, the SFC transaction levy, the Accounting and Financial Reporting Council transaction levy and the Stock Exchange trading fee payable by the purchasers), upon the terms and subject to the conditions set out in the Placing Agreement.

The Placing Shares represent: (a) approximately 4.03% of the total existing issued Shares as at the date of this announcement; and (b) approximately 3.88% of the total issued Shares as enlarged by the allotment and issue of the Placing Shares (assuming there will be no change to the total number of Shares in issue from the date of this announcement to the Completion Date other than the issue by the Company of the Placing Shares).

Rights of the Placing Shares

The Placing Shares will rank *pari passu* in all respects among themselves and with the other existing Shares upon issuance.

Placees

The Placing Shares are expected to be placed to not less than six Placees, who and whose respective ultimate beneficial owners and parties acting in concert with them are Independent Third Parties and did not hold interests in any of the Shares from the Change in Control Date up to immediately prior to the Completion.

Upon Completion, it is expected that none of the Placees will become a substantial shareholder (as defined under the Listing Rules) of the Company.

Placing Price

The Placing Price is HK\$0.186 per Placing Share and represents:

- (i) a discount of approximately 9.27% to the closing price of HK\$0.205 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a discount of approximately 13.08% to the average closing price of approximately HK\$0.214 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

The net Placing Price (after deducting the costs and expenses of the Placing) is approximately HK\$0.180 per Placing Share. Based on a nominal value of HK\$0.1 per Share, the aggregate nominal value of the Placing Shares is HK\$26,900,000.

The Placing Price was negotiated on an arm's length basis between the Company and the Joint Placing Agents after taking into account factors including the recent market price of the Shares and current market conditions.

Conditions of the Placing

The Placing Completion is conditional upon the satisfaction of the following Conditions:

- (a) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Placing Shares on the Stock Exchange (and such listing approval not subsequently being revoked prior to Completion); and
- (b) the Placing Agreement not having been terminated in accordance with the terms of the Placing Agreement.

The Conditions are incapable of being waived. In the event any of the Conditions is not fulfilled on or before 24 February 2023 (or such later date as may be agreed between Merdeka Securities (for itself and on behalf of Morton Securities) and the Company in writing), all rights, obligations and liabilities of the parties hereto shall cease and terminate and none of the parties hereto shall have any claim against the other save for any antecedent breach of any right or obligation under the Placing Agreement prior to such termination.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Placing Shares.

Completion

Completion of the Placing shall take place within three (3) Business Days after the day on which the conditions as set out in the paragraph headed “Conditions of the Placing” above are fulfilled (or another time or date as the Company and Merdeka Securities (for itself and on behalf of Morton Securities) shall agree in writing).

Termination

Merdeka Securities (for itself and on behalf of Morton Securities) may (after such consultation with the Company and/or its advisers as the circumstances shall admit or be necessary), by giving a written notice to the Company, at any time prior to the Completion Date provided that such notice is received prior to 8:00 a.m. on the Completion Date:

- (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any matter whatsoever which may adversely affect the business or the financial or trading position or prospects of the Group as a whole;
- (b) any event or circumstance (whether or not forming part of a series of events or circumstances occurring or continuing before, on and/or after the date of this Agreement) or material change or deterioration in local, national, international, political, military, financial, economic, market or trading conditions or any other conditions (whether or not ejusdem generis with any of the foregoing) in any part of the world in which the Company or any of its subsidiaries carries on business which, in the reasonable opinion of Merdeka Securities (for itself and on behalf of Morton Securities), is or may be materially adverse to the business or financial position of the Group taken as a whole or otherwise makes it inexpedient or inadvisable to proceed with the Placing;
- (c) any event, or series of events beyond the reasonable control of the Joint Placing Agents, including but not limited to acts of government, strikes, labour disputes, lockouts, fire, explosion, flooding, storm, tempest, typhoon, accident, civil commotion, economic sanctions, epidemic, outbreak of infectious disease, pandemic, outbreak or escalation of hostilities (local, national, international or otherwise), acts of war, terrorism, and acts of God, in the reasonable opinion of Merdeka Securities (for itself and on behalf of Morton Securities), making it inexpedient or inadvisable to proceed with the Placing;

- (d) any material breach of any of the representations and warranties set out in Clause 3.1 comes to the knowledge of Merdeka Securities (for itself and on behalf of Morton Securities) or any event occurs or any matter arises on or after the date hereof and prior to the Completion Date which if it had occurred or arisen before the date hereof would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement;
- (e) there is any adverse change in the financial position of the Company which in the reasonable opinion of Merdeka Securities (for itself and on behalf of Morton Securities) is material in the context of the Placing; or
- (f) any suspension of dealings in the Shares for any period of five (5) consecutive trading days or more except for suspension relating to any transaction under the Placing Agreement.

Upon termination of the Placing Agreement, all liabilities of the Company and the Joint Placing Agents shall cease hereto and thereof, and the Placing Agreement shall thereupon cease to have effect and none of the parties shall have any rights or claims by reason thereof save for any rights or obligations which may accrue under the Placing Agreement prior to such termination.

GENERAL MANDATE TO ISSUE THE PLACING SHARES

As disclosed in the Company's poll results announcement dated 27 June 2022, the grant of the General Mandate was approved by the Shareholders at the annual general meeting of the Company held on 27 June 2022. Under the General Mandate, the Company is authorised to issue up to 1,333,594,549 new Shares.

As of the date of this announcement, no new Share has been allotted and issued under the General Mandate. The Placing Shares will be allotted and issued pursuant to the General Mandate and is not subject to further Shareholders' approval.

REASONS FOR THE PLACING AND USE OF PROCEEDS

Assuming that all Placing Shares are placed, the gross proceeds from the Placing are expected to be HK\$50,034,000, and the net proceeds from the Placing (after deduction of the placing commission in respect of the Placing and other related expenses including, among others, the professional fees) are expected to be approximately HK\$48,500,000, representing a net issue price of approximately HK\$0.180 per Placing Share.

The Company intends to apply the net proceeds from the Placing as to (i) approximately HK\$19.0 million to repay the interest of the Outstanding Loan; (ii) HK\$10.0 million to settle the arrangement fee of the SA Loan; and (iii) the remaining amount of approximately HK\$19.5 million for general working capital.

As disclosed in the Company's annual report for the year ended 31 December 2021 and the interim report for the six months ended 30 June 2022, the Group recorded a net loss after taxation from continuing operations of approximately HK\$646 million and approximately HK\$181 million respectively.

While the Group recorded approximately HK\$1,503 million in bank balances and cash as at 30 June 2022, the vast majority of such bank balances and cash are held by the SA Group and the Suntrust Group or restricted in their use. The Group also has significant liabilities. Accordingly, based on working capital needs and cash flow projections, the Group is in need of immediate funding to pay the interest of the Outstanding Loan, certain fees and for general working capital.

As disclosed in the joint announcement by the Company and Summit Ascent dated 27 January 2023 in relation to the SA Loan, the Company has entered into a facility agreement pursuant to which Summit Ascent will provide a facility of up to HK\$500,000,000 to the Company. The SA Loan has an arrangement fee of HK\$10,000,000. In the event that the Group is unable to secure funds to repay the Outstanding Loan from means other than the SA Loan, the Group intends to utilise the SA Loan to repay the Outstanding Loan. The Group may also utilise the SA Loan for business development or general working capital.

The next interest payment under the Outstanding Loan of approximately HK\$19.0 million is due by 20 March 2023. As the SA Loan is conditional and is not guaranteed to proceed and the Group currently does not have concrete plans for raising funds aside from the Placing, the Group intends to utilise a portion of the net proceeds to pay the next interest payment due under the Outstanding Loan.

The Directors consider that the Placing represents an opportunity to (i) avoid defaulting on the Outstanding Loan; (ii) secure the SA Loan; (iii) strengthen the Group's financial position; (iv) raise funding for the ongoing operations of the Group; and (v) enlarge the shareholders' base of the Company which may in turn enhance the liquidity of the Shares, without any interest burden, within a relatively short time frame and at lower costs when compared with other means of fundraising, such as a rights issue, identifying new potential investors or the use of a specific mandate.

In view of the above, the Directors consider that the terms of the Placing are on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon completion of the Placing (assuming that all of the 269,000,000 Placing Shares will be placed in full and there will be no change in the issued share capital of the Company between the date of this announcement and the Completion) are set out below:

	As at the date of this announcement		Immediately upon Completion	
	Number of Shares	Approx. %	Number of Shares	Approx. %
Shareholders				
Mr. Lo	4,999,694,857	74.98	4,999,694,857	72.07
Mr. Au Chung On John	400,000	0.01	400,000	0.01
Mr. Manuel Assis Da Silva	810,000	0.01	810,000	0.01
Public Shareholders				
– The Places	–	–	269,000,000	3.88
– Other Public Shareholders	<u>1,667,067,889</u>	<u>25.00</u>	<u>1,667,067,889</u>	<u>24.03</u>
Total	<u>6,667,972,746</u>	<u>100.00</u>	<u>6,936,972,746</u>	<u>100.00</u>

Notes:

1. The 4,999,694,857 Shares represent interests held by Mr. Lo through Major Success Group Limited which is wholly owned by Mr. Lo.
2. Mr. Au Chung On John, being a former executive Director in the last 12 months prior to the date of this announcement, is interested in 400,000 Shares.
3. Mr. Manuel Assis Da Silva, being a former executive Director in the last 12 months prior to the date of this announcement, is interested in 810,000 Shares.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company did not conduct any fundraising activities involving the issue of equity securities within the 12 months immediately prior to the date of this announcement.

WARNING

As Completion is conditional upon fulfilment of the Conditions set out in the Placing Agreement, the Placing may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

Unless the context requires otherwise, the capitalised terms used herein shall have the same meanings as set forth below:

“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday, Sunday or statutory holiday and days on which a typical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for ordinary banking business throughout their normal business hours
“Change in Control Date”	13 May 2022, being the date of a change in control of the Company, further details of which are disclosed in a joint announcement of the Company and Major Success Group Limited dated 14 September 2022
“Company”	LET Group Holdings Limited (stock code: 1383), a company incorporated in the Cayman Islands with limited liability and the issued shares are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Placing in accordance with the terms and conditions of the Placing Agreement
“Completion Date”	within three (3) Business Day after the fulfillment of the Conditions (or such other date and place as the Company and Merdeka Securities (for itself and on behalf of Morton Securities) hereto may agree in writing)
“Condition(s)”	the conditions precedent set out in the Placing Agreement
“connected person(s)”	has the same meaning as ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company from time to time

“General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution of the Company passed at the Company’s annual general meeting held on 27 June 2022 to allot, issue and deal with up to 20% of the then issued Shares
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons and not acting in concert with any of the connected persons of the Company or any of their respective associates including but not limited to Mr. Lo and Major Success Group Limited
“Joint Placing Agents”	Merdeka Securities and Morton Securities
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Merdeka Securities”	Merdeka Securities Limited, being a corporation licensed to conduct Type 1 (dealing in securities) regulated activities under the Securities and Futures Ordinance (Cap 571, Laws of Hong Kong)
“Morton Securities”	Morton Securities Limited, being a corporation licensed to conduct Type 1 (dealing in securities) regulated activities under the Securities and Futures Ordinance (Cap 571, Laws of Hong Kong)
“Mr. Lo”	Mr. Lo Kai Bong, an executive Director and the Chairman and controlling Shareholder of the Company

“Outstanding Loan”	the outstanding loan facility of HK\$400,000,000 advanced to the Company by four independent third party lenders pursuant to a loan agreement dated 18 September 2022, further details of which are disclosed in the inside information announcement of the Company dated 19 September 2022
“Placee(s)”	any person or entity procured by the Joint Placing Agents or its agent(s) to subscribe for any Placing Shares pursuant to the Placing Agreement
“Placing”	the placing, on a best effort basis, of up to 269,000,000 Placing Shares on and subject to the terms and condition set out in the Placing Agreement
“Placing Agreement”	the conditional placing agreement dated 3 February 2023 (after trading hours) entered into between the Company and the Joint Placing Agents in relation to the Placing
“Placing Price”	HK\$0.186 per Placing Share (exclusive of any brokerage, the SFC transaction levy, the Accounting and Financial Reporting Council transaction levy and the Stock Exchange trading fee as may be payable)
“Placing Share(s)”	a total of up to 269,000,000 new Shares to be placed pursuant to the Placing Agreement and to be issued under the General Mandate, each a “Placing Share”
“PRC”	People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“SA Group”	Summit Ascent and its subsidiaries
“SA Loan”	the up to HK\$500,000,000 facility to be provided by Summit Ascent to the Company pursuant to the terms and conditions of a facility agreement dated 27 January 2023 entered into between Summit Ascent, as lender, and the Company, as borrower, further details of which are disclosed in the joint announcement of the Company and Summit Ascent dated 27 January 2023

“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Summit Ascent”	Summit Ascent Holdings Limited, a company incorporated in Bermuda with limited liability, and the SA Shares of which are listed on the Main Board of the Stock Exchange (stock code: 102) and an approximately 69.66% owned subsidiary of the Company
“Suntrust Group”	Suntrust Resort Holdings, Inc., formerly known as Suntrust Home Developers, Inc., a company incorporated in the Philippines, the shares of which are listed on The Philippine Stock Exchange, Inc. (stock code: SUN) and an indirect 51% owned subsidiary of the Company, and its subsidiaries
“%”	per cent.

By order of the Board
LET Group Holdings Limited
Chiu King Yan
Company Secretary

Hong Kong, 3 February 2023

As at the date of this announcement, the Executive Director is Mr. Lo Kai Bong (Chairman), and the Independent Non-executive Directors are Mr. Tou Kin Chuen, Dr. Wu Kam Fun Roderick and Mr. Lo Wai Tung John.