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HATCHER GROUP LIMITED

亦辰集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8365)

- (1) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;**
- (2) PROPOSED CHANGE IN BOARD LOT SIZE;**
- (3) APPOINTMENT OF EXECUTIVE DIRECTOR;**
- (4) PROPOSED RIGHTS ISSUE ON THE BASIS OF THREE (3) RIGHTS SHARES FOR EVERY ONE (1) SHARE HELD ON THE RECORD DATE;**
- (5) CONNECTED TRANSACTIONS IN RELATION TO THE UNDERWRITING AGREEMENT;**
- (6) APPLICATION FOR WHITEWASH WAIVER;**
- (7) PROPOSED SUBSCRIPTION OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE; AND**
- (8) PROPOSED CAPITAL REDUCTION**

Financial Adviser to the Company



建泉融資有限公司
VBG Capital Limited

Underwriter to the Rights Issue
Tanner Enterprises Group Limited

Placing Agent
Redbridge Global Strategies Limited

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The Board proposes to increase the authorised share capital of the Company from HK\$20,000,000 divided into 80,000,000 Shares to HK\$100,000,000 divided into 400,000,000 Shares. Subject to the passing of an ordinary resolution by the Shareholders at the EGM to approve the Increase in Authorised Share Capital, the Increase in Authorised Share Capital will become effective on the date of the EGM.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Shares are traded on the Stock Exchange in board lot size of 5,000 Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 5,000 Shares to 10,000 Shares.

APPOINTMENT OF EXECUTIVE DIRECTOR

The Board announces that Mr. Michael Stockford will be appointed as an executive director of the Company with effect from 1 October 2024.

PROPOSED RIGHTS ISSUE

The Company proposes to raise gross proceeds of up to (i) approximately HK\$32.1 million (before expenses) (assuming full subscription under the Rights Issue) by issuing up to 128,452,080 Rights Shares (assuming no new Shares are issued or repurchased on or before the Record Date); or (ii) approximately HK\$33.0 million (before expenses) (assuming full subscription under the Rights Issue) by issuing up to 132,118,080 Rights Shares (assuming no new Shares are issued or repurchased on or before the Record Date other than the new Shares to be allotted and issued pursuant to the full exercise of the outstanding Share Options) by way of rights issue at the Subscription Price of HK\$0.250 per Rights Share, on the basis of three (3) Rights Shares for every one (1) Share held on the Record Date.

The net proceeds from the Rights Issue after deducting the estimated expenses in relation to the Rights Issue are estimated to be not more than (i) approximately HK\$31.1 million (assuming no change in the number of Shares in issue on or before the Record Date); or (ii) approximately HK\$32.0 million (assuming no change in the number of Shares in issue on or before the Record Date other than the new Shares to be allotted and issued pursuant to the full exercise of the outstanding Share Options.) The Company intends to apply the proceeds from the Rights Issue to be used in the investment and establishment of presence in the online gaming industry and as working capital of the Group in the next 12 months.

The Rights Issue is only available to Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company on the Record Date and must not be a Non-Qualifying Shareholder. In order to be registered as members of the Company on the Record Date, Shareholders must lodge any transfers of Shares (together with the relevant share certificates) with the Registrar for registration no later than 4:30 p.m. (Hong Kong time) on Thursday, 14 November 2024.

Any Shareholder, together with parties acting in concert with it (if any), who as a result of the Rights Issue collectively hold 30% or more of the voting rights in the Company will, subject to any waiver which may be granted by the SFC, be obliged to make a mandatory general offer under Rule 26 of the Takeovers Code for all the Shares not already held by it.

CONNECTED TRANSACTIONS IN RELATION TO THE UNDERWRITING AGREEMENT

On 23 September 2024 (after trading hours), the Underwriter and the Company entered into the Underwriting Agreement. Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to fully underwrite the Underwritten Shares, being a maximum of 88,452,080 Unsubscribed Rights Shares, subject to the terms and conditions set out in the Underwriting Agreement, in particular the fulfilment or waiver (as applicable) of the conditions contained therein. Tanner Enterprises, being the Underwriter, is wholly beneficially owned by Mr. Li Man Keung Edwin, who is an executive director of the Company. The Underwriting Agreement constitutes a connected transaction of the Company.

Details of the major terms and conditions of the Underwriting Agreement are set out in the section headed “The Underwriting Agreement” in this announcement.

The Company shall make an application to the Stock Exchange for the listing of, and permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be allotted and issued pursuant to the Rights Issue.

THE COMPENSATORY ARRANGEMENTS AND THE PLACING AGREEMENT

The Company will make arrangements to dispose of the Unsubscribed Rights Shares comprising the Rights Shares that are not subscribed by the Qualifying Shareholders and the NQS Rights Shares that are not successfully sold by the Company as described in the paragraph headed “Arrangements for the NQS Rights Shares” in this announcement, by offering the Unsubscribed Rights Shares to independent placees for the benefit of the relevant No Action Shareholders and Non-Qualifying Shareholders.

After the trading hours of the Stock Exchange on 23 September 2024, the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has agreed to procure Placee(s), on a best effort basis, to subscribe for up to 40,000,000 Unsubscribed Rights Shares. The placing price of the Unsubscribed Rights Shares shall be not less than the Subscription Price. The final price will be determined based on the demand for the Unsubscribed Rights Shares and market conditions at the time of placement.

Subject to the terms set out in the Placing Agreement, if and to the extent that at the Latest Time for Compensatory Arrangements, there shall be any Unsubscribed Rights Shares which have not been successfully placed out by the Placing Agent under the Compensatory Arrangements, then the Placing Agent shall procure subscription for up to 40,000,000 Rights Shares.

APPLICATION FOR WHITEWASH WAIVER

Assuming (i) there is no change in the number of issued Shares from the date of this announcement up to and including the date of close of the Rights Issue; (ii) none of the Qualifying Shareholders have taken up their entitlements under the Rights Issue; and (iii) a maximum of 88,452,080 Unsubscribed Rights Shares have been taken up by Tanner Enterprises, the aggregate shareholding of Mr. Li Man Keung Edwin and parties acting in concert with it in the Company upon the close of the Rights Issue will increase from the current level of approximately 15.41% to approximately 55.50% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares. Tanner Enterprises will, in the absence of the Whitewash Waiver, be obliged to make a mandatory cash offer for all issued Shares not already owned or agreed to be acquired by it pursuant to Rule 26 of the Takeovers Code.

If the Whitewash Waiver is approved by the Independent Shareholders, the maximum potential holding of voting rights of the Company held by Mr. Li Man Keung Edwin and parties acting in concert with it as a result of the underwriting of the Rights Shares by Mr. Li Man Keung Edwin pursuant to the Underwriting Agreement will exceed 50% of the voting rights of the Company. Mr. Li Man Keung Edwin and parties acting in concert with him may further increase their holdings of voting rights of the Company without incurring any further obligations under Rule 26 of the Takeovers Code to make a general offer. An application will be made by Tanner Enterprises to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Independent Shareholders at the EGM by way of poll. Under the Takeovers Code, the resolution(s) in relation to the Whitewash Waiver shall be approved by at least 75% of the independent votes that are casted either in person or by proxy by the Independent Shareholders at the EGM by way of poll, and the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder would be subject to, among others, the approval by more than 50% of the Independent Shareholders at the EGM by way of poll. The Executive may or may not grant the Whitewash Waiver. As it is a condition precedent to the completion of the Rights Issue that the Whitewash Waiver is granted by the Executive, the Rights Issue will not proceed if the Whitewash Waiver is not granted by the Executive or if any other conditions precedent under the Underwriting Agreement is not fulfilled.

PROPOSED SUBSCRIPTION OF THE CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

On 23 September 2024 (after trading hours the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company conditionally agrees to issue and the Subscriber conditionally agrees to subscribe for the Convertible Bonds in the principal amount of HK\$5,670,000.

The Conversion Shares will be issued under the Specific Mandate to be sought from the independent Shareholders at the EGM. The Subscription is conditional upon, among others, the GEM Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in, the Conversion Shares and the passing of necessary resolution(s) by the Independent Shareholders at the EGM to approve the Subscription Agreement and the transactions contemplated thereunder.

IMPLICATIONS UNDER THE GEM LISTING RULES

Since the proposed Rights Issue will increase the issued share capital or the market capitalization of the Company by more than 50%, in accordance with Rule 10.29(1) of the GEM Listing Rules, the proposed Rights Issue must be made conditional on approval by the Independent Shareholders in general meeting by a resolution on which any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the proposed Rights Issue.

As at the date of this announcement, the Company has no controlling shareholder, and as such the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the proposed resolution approving the Rights Issue in accordance with Rule 10.29(1) of the GEM Listing Rules. As at the date of this announcement, Mr. Li Man Keung Edwin, Mr. Yeung Chun Yue David and Mr. Hui Ringo Wing Kun, being executive Directors, owns approximately 15.41%, 3.55% and 2.10% of the issued Shares. Accordingly, Mr. Li Man Keung Edwin, Mr. Yeung Chun Yue David and Mr. Hui Ringo Wing Kun shall be required to abstain from voting in favour of the proposed resolution to approve the Rights Issue and the transactions contemplated thereunder at the EGM. Save for Mr. Li Man Keung Edwin's, Mr. Yeung Chun Yue David's and Mr. Hui Ringo Wing Kun's interests in the Shares, no other Director or chief executive of the Company and their respective associates are interested in the Shares as at the date of this announcement.

The Company has not conducted any rights issue, open offer or specific mandate placings within the 12-month period immediately preceding the date of this announcement, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities as part of any rights issue, open offer and/or specific mandate placings within such 12-month period.

The Rights Issue will not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 10.44A of the GEM Listing Rules.

As at the date of this announcement, Tanner Enterprises, being the Underwriter of the Underwriting Agreement, is deemed connected person of the Company. Accordingly, the transactions contemplated under the Underwriting Agreement constitute connected transactions of the Company under the GEM Listing Rules and the Underwriting Agreement is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

The Convertible Bonds and the Conversion Shares will be issued under the Specific Mandate which is subject to Independent Shareholders' approval at the EGM. The EGM will be convened and held for the purposes of considering, and if thought fit, approving, among other things, the Subscription and the Specific Mandate to allot and issue the Conversion Shares.

PROPOSED CAPITAL REDUCTION

The Company proposes to implement the Capital Reduction involving the reduction of the par value of each issued Shares from HK\$0.25 to HK\$0.01 by cancelling the paid up share capital to the extent of HK\$0.24 per issued Ordinary Share so that following that reduction, each issued Ordinary Share with a par value of HK\$0.01 in the share capital of the Company shall become one New Ordinary Share. The credit arising from the Capital Reduction will be applied towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated losses of the Company. The balance of credit (if any) will be transferred to the distributable reserve account of the Company which may be utilized by the Directors as a distributable reserve.

Immediately following the Capital Reduction becoming effective, each authorised but unissued Ordinary Share will be subdivided into 25 authorised but unissued New Ordinary Shares with a par value of HK\$0.01 each.

As at the date of this announcement, 42,817,360 Ordinary Shares have been issued and are fully paid or credited as fully paid. Assuming that the par value of the 42,817,360 issued Ordinary Shares will be reduced from HK\$0.25 to HK\$0.01 per issued Ordinary Share by cancelling the paid up share capital to the extent of H\$0.24 per issued Ordinary Share by way of a reduction of capital, so as to form issued New Ordinary Shares with par value of HK\$0.01 each, the Company's existing issued share capital of HK\$10,704,340 will be reduced by HK\$10,276,166.40 to HK\$428,173.60.

The Capital Reduction and the Sub-division are conditional upon fulfilment of the conditions contained in the section headed "Conditions of the Capital Reduction and the Sub-division" in this announcement.

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Company will establish an independent board committee, comprising all the independent non-executive Directors, to make recommendations to the Independent Shareholders in respect of the Rights Issue, the Underwriting Agreement, the Whitewash Waiver, the Subscription and the transactions contemplated thereunder. The Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

GENERAL

The EGM will be convened for the Shareholders to consider and, if thought fit, approve the Increase in Authorised Share Capital, the Rights Issue, the Underwriting Agreement, the Whitewash Waiver, the Subscription and the transactions contemplated thereunder. A circular containing, among other things, (i) further details of the Increase in Authorised Share Capital, the Rights Issue, the Underwriting Agreement, the Whitewash Waiver and the Subscription; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the aforementioned transactions above; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the aforementioned transactions above; and (iv) a notice convening the EGM, is expected to be despatched to the Shareholders on or before Friday, 18 October 2024.

Subject to the fulfilment of certain conditions of the Rights Issue, the Company will despatch the Prospectus Documents containing, among other matters, details of the Rights Issue, to the Qualifying Shareholders. The Company will despatch the Prospectus (without the PAL(s)) to the Non-Qualifying Shareholders for their information only.

POSSIBLE ADJUSTMENT TO THE SHARE OPTIONS UNDER THE SHARE OPTION SCHEMES

As at the date of this announcement, there are 1,222,000 outstanding Share Options granted by the Company exercisable into 1,222,000 Shares. Pursuant to the terms of the Share Option Scheme, the Rights Issue may lead to adjustments to, among others, the exercise price and/or the number of Shares to be issued upon exercise of the outstanding Share Options under the Share Option Scheme. The Company will notify the holders of such Share Options and the Shareholders by way of announcement (as and when appropriate) regarding adjustments to be made (if any) pursuant to the terms of the Share Option Scheme and such adjustment will be certified by an independent financial adviser or auditors of the Company (as the case may be).

Save for the foregoing, as at the date of this announcement, the Company had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares prior to the Record Date. Save for the Subscription, the Company has no further intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

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

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the section headed “Termination of the Underwriting Agreement” in this announcement). Accordingly, the Rights Issue may or may not proceed.

Any Shareholder or other person dealing in the Shares and/or the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue are fulfilled (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares. Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The Board proposes to increase the authorised share capital of the Company from HK\$20,000,000 divided into 80,000,000 Shares to HK\$100,000,000 divided into 400,000,000 Existing Shares. Subject to the passing of an ordinary resolution by the Shareholders at the EGM to approve the Increase in Authorised Share Capital, the Increase in Authorised Share Capital will become effective on the date of the EGM.

In order to accommodate the future growth of the Group and to provide the Company with greater flexibility to raise funds from the Rights Issue, the Board considers the Increase In Authorised Share Capital is in the interests of the Company and the Shareholders as a whole.

PROPOSED CHANGE IN BOARD LOT SIZE

The Shares are currently traded on the Stock Exchange in board lot size of 5,000 Shares. The Board proposes to change the board lot size for trading from 5,000 Shares to 10,000 Shares per board lot.

Based on the closing price of HK\$0.365 per Share as at the date of this announcement, the value of each board lot of 10,000 Shares would be HK\$3,650.

Reasons for Change in Board Lot Size

Pursuant to Rule 17.76 of the GEM Listing Rules, where the market price of the securities of the issuer approaches the extremities of HK\$0.01 or HK\$9,995, the Stock Exchange reserves the right to require the issuer to change the trading method or to proceed with a consolidation or splitting of its securities. Pursuant to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and last updated on 1 October 2020, the expected board lot value should be greater than HK\$2,000 per board lot taking into account the minimum transaction costs for a securities trade. As at the date of this announcement, the closing price of each Share is HK\$0.365, with a board lot size of 5,000 Shares, the Shares are trading under HK\$1,825 per board lot.

The Board considers that the proposed Change in Board Lot Size, resulting in HK\$3,650 per board lot of 10,000 Shares, would enable the Company to avoid the occurrence of non-compliance with the trading requirements under the GEM Listing Rules. The Board believes the Change in Board Lot Size will not have any material adverse effect on the financial position of the Company nor result in change in the relative rights of the Shareholders and are in the interests of the Company and the Shareholders as a whole.

APPOINTMENT OF EXECUTIVE DIRECTOR

The Board announces that Mr. Michael Stockford will be appointed as an executive director of the Company with effect from 1 October 2024.

Information regarding Mr. Michael Stockford

Mr. Michael Stockford, aged 64, has over 40 years’ experience in the financial services industry. He has extensive knowledge in senior management, operations, compliance and corporate governance issues and has a broad spectrum of expertise across numerous asset classes. He is the chief-executive officer and founder of Redbridge Capital Management Limited, a licensed corporation to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO. He is also a shareholder of Redbridge Global Strategies Limited, a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO.

Mr. Michael Stockford previously held positions of CEO, COO and CCO at NatWest Markets, Credit Agricole Asset Management and Degroof Asset Management (HK) Limited as well as setting up and owning several SFC licensed companies. He has also set up joint ventures in Saudi Arabia and South Korea with Quasi Government partners, and had formerly held the position as an executive director of a listed company on HKEX formerly known as Mastermind Capital Limited (stock code: 905).

He graduated with a bachelor degree in accounting and finance in 1981 and is a full member of Hong Kong Securities Institute.

Mr. Michael Stockford has entered into a service agreement with the Company for a term of 3 years commencing from 1 October 2024 and his appointment will continue thereafter unless and until terminated by either party giving six months' written notice in accordance with his service agreement. As a director of the Company, Mr. Michael Stockford is subject to retirement by rotation and re-election at annual general meetings in accordance with the articles of association of the Company and he will hold office only until the next annual general meeting of the Company and then be eligible for re-election at such meeting in accordance with articles of association of the Company.

Mr. Michael Stockford is entitled to receive a salary being HKD2,700,000 per annum, which is commensurate with his duties and responsibilities in the Group and the prevailing market situation and discretionary bonuses pegged to his performance.

As at the date of this announcement and save as disclosed above, Mr. Michael Stockford (i) does not hold any directorships in any listed public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years or other major appointments and professional qualifications; (ii) does not hold any other position in the Company or any of its subsidiaries; (iii) does not have any relationships with any Directors, senior management, substantial or controlling shareholders (as defined in GEM Listing Rules) of the Company; and (iv) does not have, and/or is not deemed to have, any interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations (as defined under Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong).

As at the date of this announcement, Mr. Michael Stockford confirmed that there is no other information which is required to be disclosed pursuant to the requirements under Rules 17.50(2)(h) to (v) of the GEM Listing Rules and there are no other matters concerning each of their appointments that need to be brought to the attention of the Shareholders and the Stock Exchange.

PROPOSED RIGHTS ISSUE

The Board proposes, subject to, amongst others, the approval by the Independent Shareholders at the EGM, the Rights Issue with the terms set out as follows:

Issue statistics

Basis of the Rights Issue	: three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	: HK\$0.250 per Rights Share
Net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue)	: Approximately HK\$0.242 per Rights Share

Number of Shares in issue as at the date of this announcement	: 42,817,360 Existing Shares
Number of Rights Shares to be issued pursuant to the Rights Issue	: Up to 128,452,080 Rights Shares (assuming no further issue or repurchase of the Shares on or before the Record Date) and up to 132,118,080 Rights Shares (assuming no further issue or repurchase of the Shares on or before the Record Date other than the new Shares to be allotted and issued pursuant to the full exercise of the outstanding Share Options)
	The aggregate nominal value of the Rights Shares will be up to HK\$1,321,180.80
Total number of Shares in issue upon completion of the Rights Issue	: Up to 171,269,440 Shares (assuming no further issue or repurchase of 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 the completion of the Rights Issue) and up to 176,157,440 Shares (assuming no further issue or repurchase of Shares on or before the Record Date other than the new Shares to be allotted and issued pursuant to the full exercise of the outstanding Share Options and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)
Gross proceeds from the Rights Issue	: not less than approximately HK\$32.1 million and not more than approximately HK\$33.0 million before expenses
Right of excess applications	: There will be no excess application arrangements in relation to the Rights issue

As at the date of this announcement, there are 1,222,000 outstanding Share Options granted by the Company exercisable into 1,222,000 Shares. Save for the foregoing, as at the date of this announcement, the Company has no outstanding convertible bonds, options, derivatives, warrants, conversion rights or other similar rights entitling holders thereof to subscribe for or convert into or exchange for new Shares prior to the Record Date. Save for the Subscription, the Company has no further intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

Assuming no further issue or repurchase of 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 128,452,080 Rights Shares proposed to be issued pursuant to the terms of the Rights Issue represent approximately 300% of the total number of issued Shares and 75% of the total number of issued Shares as enlarged by the issue of the Rights Shares.

Assuming no further issue or repurchase of Shares on or before the Record Date other than the new Shares to be allotted and issued pursuant to the full exercise of outstanding Share Options and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 132,118,080 Rights Shares proposed to be issued pursuant to the Rights Issue represents approximately 300% of the total number of issued Shares and 75% of the total number of issued Shares as enlarged by the allotment and issue of the Rights Shares.

Undertaking

As at the date of this announcement, the Company has not received any information or undertaking from any Shareholder of their intention as to whether such Shareholder will take up his/her entitlements under the Rights Issue (or otherwise).

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company as at the close of business on the Record Date and not be a Non-Qualifying Shareholder. In order to be registered as members of the Company prior to the close of business on the Record Date, all transfers of the Shares (together with the relevant share certificate(s)) must be lodged with the Registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. (Hong Kong time) on Thursday, 14 November 2024.

It is expected that the dealings in the Rights Shares in nil-paid form are expected to take place from Tuesday, 26 November 2024 to Thursday, 28 November 2024 (both dates inclusive).

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company. Shareholders with their Shares held by a nominee (or held in CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date. For investors whose Shares are held by a nominee (or held in CCASS) and would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the Registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. (Hong Kong time) on Thursday, 14 November 2024.

Holders of Share Options who wish to participate in the Rights Issue should exercise their Share Options in accordance with the terms and conditions of the Share Option Scheme and be registered as holders of the Shares so allotted and issued to them pursuant to such exercise with the Company on or before the Record Date.

Subject to the registration of the Prospectus Documents in accordance with the applicable laws and regulations, the Company will despatch the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date and will despatch the Prospectus only (without the PAL) to the Non-Qualifying Shareholder for their information only.

Qualifying Shareholders who take up their pro-rata entitlement in full will not suffer any dilution to their interests in the Company.

If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

Closure of register of members for the Rights Issue

The register of members of the Company will be closed from Friday, 15 November 2024 to Thursday, 21 November 2024 (both dates inclusive) for the purpose of determining entitlements to the Rights Issue. No transfer of the Shares will be registered during the above book closure period.

Basis of provisional allotments

The Rights Shares will be allotted on the basis of three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders as at the close of business on the Record Date.

The PAL relating to the Rights Shares will be enclosed with the Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Rights Shares as shown therein. Acceptance for all or any part of a Qualifying Shareholder's provisional allotment should be made only by completing a PAL and lodging the same with a remittance for the Rights Shares being accepted with the Registrar by the Latest Time for Acceptance.

If a Qualifying Shareholder wishes to accept only a part of, or to renounce or transfer a part of, the Rights Shares provisionally allotted to him/her/it under the PAL, such Qualifying Shareholder will need to split his/her/its PAL into the denominations required. Details as to how to split the PALs will be set out in the Prospectus.

Rights of Overseas Shareholders (if any)

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

Pursuant to Rule 17.41(1) of the GEM Listing Rules, the Board will make necessary enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders (if any) under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If, based on legal advice, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to any Overseas Shareholders on account either of the legal restrictions under the laws of relevant place(s) or the requirements of the relevant overseas regulatory body or stock exchange, no provisional allotment of the nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders. In such circumstances, such Overseas Shareholders will become Non-Qualifying Shareholders and the Rights Issue will not be extended to them. The basis for excluding the Non-Qualifying Shareholders, if any, from the Rights Issue will be set out in the Prospectus to be issued.

Overseas Shareholders and beneficial owners of the Shares who are residing outside Hong Kong should note that they may or may not be entitled to the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 17.41(1) of the GEM Listing Rules. Accordingly, Overseas Shareholders and beneficial owners of the Shares who are residing outside Hong Kong should exercise caution when dealing in the securities of the Company.

Arrangements for the NQS Rights Shares

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and before the last day for dealing in the nil-paid Rights Shares, if a premium (net of expenses) can be obtained. Any net proceeds of sale thereof, after deduction of expenses, will be paid in Hong Kong dollars to the Non-Qualifying Shareholders pro rata to their respective entitlements as at the close of business on the Record Date, provided that if any of such persons would be entitled to a sum not exceeding HK\$100, such sum will be retained by the Company for its own benefit. Any such unsold nil-paid Rights Shares to which such Non-Qualifying Shareholders would otherwise have been entitled will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement or offered for subscription by the Placing Agent to the Placees under the Placing.

The Subscription Price

The Subscription Price of HK\$0.250 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue or when a transferee of the nil-paid Rights Shares subscribes for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 31.5% to the closing price of HK\$0.365 per Share as quoted on the Stock Exchange on the Last Trading Day;

- (ii) a discount of approximately 24.0% to the average closing price of HK\$0.329 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 22.4% to the average closing price of approximately HK\$0.322 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 24.6% to the average closing price of approximately HK\$0.332 per Share as quoted on the Stock Exchange for the thirty (30) consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 10.4% to the theoretical ex-rights price of approximately HK\$0.279 per Share based on the closing price of HK\$0.365 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (vi) a discount of approximately 94.1% to the unaudited consolidated net asset value per Share of approximately HK\$4.270 (based on the latest published unaudited consolidated net asset value of the Group of approximately HK\$182.8 million as disclosed in the interim report of the Company for the six months ended 31 March 2024); and
- (vii) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of approximately 23.6% represented by the theoretical diluted price of approximately HK\$0.279 to the benchmarked price of approximately HK\$0.365 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\$0.365 and the average closing price of HK\$0.329 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the date of this announcement).

The Subscription Price was determined after arm's length negotiation between the Company, the Placing Agent and the Underwriter with reference to, among others, (i) the recent closing price of the Shares; (ii) the prevailing market conditions of the capital market in Hong Kong; (iii) the financial position of the Group; and (iv) the imminent funding and capital needs of the Company in Hong Kong as more particularly disclosed in the paragraph headed "Reasons for the Rights Issue and use of proceeds" in this announcement.

In determining the discount rate of the Subscription Price, the Directors have taken into account that it is a common practice for listed companies on the Stock Exchange to issue rights shares at a discount to the prevailing market price in order to enhance the attractiveness of the rights issue and to encourage the Shareholders to participate in the future growth of the Group, hence consider the terms of the Rights Issue, including the Subscription Price, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Status of the Rights Shares

The Rights Shares (when allotted, fully paid or credited as fully paid and issued) will rank pari passu in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the fully paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the fully paid Rights Shares.

Stamp duty and other applicable fees

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

Certificates of the Rights Shares and refund cheques for the Rights Issue

Subject to fulfilment of the conditions of the Rights Issue, share certificates for the fully paid Rights Shares are expected to be sent on or before Friday, 27 December 2024 to those entitled thereto by ordinary post, at their own risk, to their registered addresses. If the Underwriting Agreement is terminated or not becoming unconditional, refund cheques will be despatched on or before Friday, 27 December 2024, by ordinary post, at the respective Shareholders' own risk, to their registered addresses.

Fractional entitlement to the Rights Shares

The Company will not provisionally allot and will not accept applications for any fraction of Rights Shares. All fractions of the Rights Shares will be aggregated (and rounded down to the nearest whole number of a Share) and all nil-paid Rights Shares arising from such aggregation will be sold in the market for the benefit of the Company if a premium (net of expenses) can be achieved.

Taxation

Shareholders are advised to consult their professional advisers if they are in any doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the Rights Shares and, regarding the Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sale of the nil-paid Rights Shares on their behalf otherwise falling to be issued to them under the Rights Issue under the laws of jurisdictions in which they are liable to taxation. It is emphasised that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Shares or the Rights Shares.

Application for listing

The Company will apply to the Listing Committee for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be issued and allotted pursuant to the Rights Issue. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

Pursuant to the Change in Board Lot Size, the nil-paid Rights Shares shall be traded in the board lot of 10,000 Shares.

Rights Shares will be eligible for admission into CCASS

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

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

Procedures in respect of the Unsubscribed Rights Shares and the Compensatory Arrangements

Pursuant to Rule 10.31(1)(b) of the GEM Listing Rules, the Company must make arrangements to dispose of any Unsubscribed Shares not validly applied for by the No Action Shareholders by offering such Unsubscribed Shares to independent placees for the benefit of those Shareholders. There will be no excess application arrangements in relation to the Rights Issue as stipulated by Rule 7.21(2)(a) of the GEM Listing Rules.

The Company appointed the Placing Agent to place the Unsubscribed Rights Shares after the Latest Time for Acceptance to independent placees on a best effort basis, and any premium over the aggregate amount of (i) the Subscription Price for those Rights Shares; and (ii) the expenses of the Placing Agent (including any other related costs and expenses), that is realised from the Placing (the “**Net Gain**”) will be paid to the relevant No Action Shareholders and Non-Qualifying Shareholders in the manner set out below. The Placing Agent will, on a best effort basis, procure, by not later than 4:00 p.m. on Wednesday, 18 December 2024, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares at a price not less than the Subscription Price. Any unsold Unsubscribed Rights Shares under the Compensatory Arrangements will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

Net Gain (if any but rounded down to the nearest cent) will be paid on a pro-rata basis to the relevant No Action Shareholders and Non-Qualifying Shareholders as set out below:

- (i) for No Action Shareholders, 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 where the nil-paid rights are, at the time they lapse, represented by a PAL, to the person whose name and address appeared on the PAL and where the nil-paid rights are, at the time they lapse, registered in the name of HKSCC Nominees Limited, to the beneficial holders (via their respective CCASS participants) as the holder of those nil-paid rights in CCASS; and
- (ii) for Non-Qualifying Shareholders, the relevant Non-Qualifying Shareholders whose name and address appeared on the register of members of the Company on the Record Date with reference to their shareholdings in the Company on the Record Date.

It is proposed that if the Net Gain to any of the No Action Shareholder(s) and Non-Qualifying Shareholder(s) mentioned above (i) is more than HK\$100, the entire amount will be paid to them; or (ii) is HK\$100 or less, such amount will be retained by the Company for its own benefit.

Conditions of the Rights Issue

The Rights Issue is conditional upon the obligations of the Underwriter under the Underwriting Agreement becoming unconditional and the Underwriter not terminating the Underwriting Agreement.

The Underwriting Agreement contains detailed conditions and events which may cause the Underwriting Agreement to be terminated by the Underwriter. Please refer to the section headed “Procedures in respect of the Unsubscribed Rights Shares and the Compensatory Arrangement” in this announcement for details of the conditions and grounds of termination of the Underwriting Agreement. If the Underwriting Agreement does not become unconditional or is terminated, the Rights Issue will not proceed.

The terms of the Placing Agreement (including the placing fee) were determined after arm’s length negotiation between the Placing Agent and the Company with reference to the size of the Rights Issue and are on normal commercial terms. The Directors consider that the terms of the Placing Agreement are fair and reasonable.

Given that the Compensatory Arrangements would provide a compensatory mechanism for the relevant No Action Shareholders and Non-Qualifying Shareholders, the Directors consider that the Compensatory Arrangements are in the interest of the minority Shareholders.

THE UNDERWRITING AGREEMENT

The Underwriting Agreement

On 23 September 2024 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter, pursuant to which the Underwriter has conditionally agreed to underwrite the Underwritten Shares on a best effort basis subject to the terms and conditions of the Underwriting Agreement as below:

Date: 23 September 2024

Issuer: The Company

Underwriter: Tanner Enterprises Group Limited, being an investment holding company incorporated in the British Virgin Islands with limited liability and beneficially owned by Mr. Li Man Keung Edwin, an executive Director

Mr. Li Man Keung Edwin, a substantial shareholder, beneficially holding 6,598,800, representing approximately 15.41% of the issued share capital of the Company as at the date of this announcement. As such, Tanner Enterprises is a connected person of the Company under Chapter 20 of the GEM Listing Rules

Number of Rights Shares underwritten: Up to 88,452,080 Rights Shares

Underwriting commission: No underwriting commission will be payable by the Company to the Underwriter under the Underwriting Agreement

The Rights Issue is underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement.

The terms of the Underwriting Agreement were determined after arm's length negotiation between the Company and the Underwriter by reference to the financial position of the Group, the size of the Rights Issue, the current and expected market condition and the prevailing market rate. The Directors consider the entering into of the Underwriting Agreement with the Underwriter and the terms of the Underwriting Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Subject to the fulfilment of the conditions (or any waiver, as the case may be, by the Underwriter) contained in the Underwriting Agreement and provided that the Underwriting Agreement is not terminated prior to the Latest Time for Termination in accordance with the terms thereof, the Underwriter shall subscribe for, pursuant to the terms of Underwriting Agreement and the Prospectus Documents (insofar as the same are applicable), the Underwritten Shares.

Conditions of the Rights Issue and the Underwriting Agreement

The completion of the Rights Issue and the obligations of the Underwriter under the Underwriting Agreement are conditional on:

- (a) the passing by the Shareholders at the relevant EGM of ordinary resolutions to approve the Rights Issue and the Underwriting Agreement and the transactions respectively contemplated thereunder;
- (b) the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of and permission to deal in the Rights Shares (in their nil-paid and fully-paid forms);
- (c) the Executive granting the Whitewash Waiver to Tanner Enterprises and the satisfaction of all conditions (if any) attached to the Whitewash Waiver granted;
- (d) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents duly signed by all the Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (together with any other documents required by the applicable law or regulation to be annexed thereto) by no later than the Prospectus Posting Date;
- (e) the posting of the Prospectus Documents to the Qualifying Shareholders by no later than the Prospectus Posting Date and the posting of the Prospectus and a letter to the Excluded Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue by no later than the Prospectus Posting Date;
- (f) the compliance with the requirements under the applicable laws and regulations of Hong Kong and Cayman Islands;
- (g) the representations, warranties of the Company referred to in the Underwriting Agreement remaining true and accurate and not misleading in all material respects at all times and none of the undertakings of the Company referred to in the Underwriting Agreement having been breached;
- (h) there being no breach of the undertakings and obligations of the Company under the terms of the Underwriting Agreement; and
- (i) the Underwriting Agreement not being terminated by the Underwriter pursuant to the terms hereof on or before the Latest Time for Termination.

Other than conditions (g) to (i) which can be waived in whole or in part by the Underwriter by notice in writing to the Company prior to the Latest Time for Termination, all other conditions above cannot be waived. In the event of the said conditions not being fulfilled or waived, the Underwriting Agreement shall terminate (save in respect of any rights and obligations which may accrue under the Underwriting Agreement prior to such termination) and neither the Company nor the Underwriter shall have any claim against the other party for costs, damages, compensation or otherwise save for any antecedent breach and the Rights Issue will not proceed.

Termination of the Underwriting Agreement

(1) If prior to the Latest Time for Termination, in the absolute opinion of the Underwriter:

- (a) the success of the Rights Issue would be affected by:
 - (i) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
 - (ii) the occurrence of any local, national or international event or change, whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof, of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
 - (iii) any material adverse change in the business or in the financial or trading position of the Group as a whole; or
- (b) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities) occurs which in the reasonable opinion of the Underwriter makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (c) the Prospectus Documents when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the GEM Listing Rules or any applicable regulations) which has not prior to the date hereof been publicly announced or published by the Company and which may in the opinion of the Underwriter is material to the Group as a whole and is likely to affect the success of the Rights Issue or might cause a prudent investor not to accept the Rights Shares provisionally allotted to it;

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

- (2) The Underwriter shall be entitled by notice in writing to rescind this Agreement if prior to the Latest Time for Termination:
- (a) any material breach of any of the warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
 - (b) it comes to the knowledge of the Underwriter that any event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date hereof would have rendered any of the representations, warranties and undertakings contained in the Underwriting Agreement untrue or incorrect in any respect.

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

If prior to the Latest Time for Termination any such notice as referred to above is given by the Underwriter, the obligations of all parties under the Underwriting Agreement shall cease and determine and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement (save for any antecedent breaches hereof) and the Rights Issue shall not proceed.

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

Restriction on dealings

The Company has undertaken to the Underwriter that for the period from the date of the Underwriting Agreement and ending on the date which is Wednesday, 18 December 2024 from the Latest Time for Termination, unless with the prior written consent of the Underwriter, the Company shall not (except for the Rights Shares):

- (i) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares (except for the allotment or issue of Shares upon exercise of the outstanding Share Options);
- (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in paragraph (i); or
- (iii) announce any intention to enter into or effect any such transaction described in paragraph (i) or (ii).

THE COMPENSATORY ARRANGEMENT

Placing Agreement

On 23 September 2024 (after trading hours of the Stock Exchange), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has agreed to procure Placee(s), on a best effort basis, to subscribe for up to 40,000,000 Unsubscribed Rights Shares with consideration that a maximum of 88,452,080 Unsubscribed Rights Shares have been fully taken up by the Underwriter. Details of the Placing Agreement are as follows:

Date	:	23 September 2024 (after trading hours of the Stock Exchange)
Placing Agent	:	Redbridge Global Strategies Limited, a licensed corporation carrying out type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO, was appointed as the placing agent to place, or procure the placing of, up to 40,000,000 Unsubscribed Rights Shares, on a best effort basis, to the Placee(s) with consideration that a maximum of 88,452,080 Unsubscribed Rights Shares have been fully taken up by the Underwriter. Redbridge Global Strategies Limited is indirectly non-wholly owned by Mr. Michael Stockford, who has been appointed as an executive director of the Company with effect from 1 October 2024.
Placing fee	:	No placing commission will be payable by the Company to the Placing Agent for the subscription of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares
Placing price of the Unsubscribed Rights Shares	:	The placing price of the Unsubscribed Rights Shares shall be not less than the Subscription Price. The final price will be determined based on the demand for the Unsubscribed Rights Shares and market conditions at the time of placement.

Placees	:	The Unsubscribed Rights Shares shall only be offered (i) to institutional, corporate or individual investor(s) who and whose ultimate beneficial owner(s) shall be Independent Third Parties; (ii) such that no Placee shall become a Substantial Shareholder immediately following the Placing; and (iii) such that the Placing will not have any implications under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing.
Ranking of Unsubscribed Rights Shares	:	The Unsubscribed Rights Shares (when placed, allotted, issued and fully paid) shall rank <i>pari passu</i> in all respects among themselves and with the Shares then in issue.
Placing condition	:	The Placing is subject to and conditional upon, inter alia, (i) the 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 Underwriter and the Company in respect of the Underwriter 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.
Completion date of the Placing	:	Wednesday, 18 December 2024 or such other date as the Company and the Placing Agent may agree.

POSSIBLE ADJUSTMENT TO THE SHARE OPTIONS UNDER THE SHARE OPTION SCHEME

As at the date of this announcement, there are 1,222,000 outstanding Share Options granted by the Company exercisable into 1,222,000 Shares. Pursuant to the terms of the Share Option Scheme, the Rights Issue may lead to adjustments to, among others, the exercise price and/or the number of Shares to be issued upon exercise of the outstanding Share Options under the Share Option Scheme. The Company will notify the holders of such Share Options and the Shareholders by way of announcement (as and when appropriate) regarding adjustments to be made (if any) pursuant to the terms of the Share Option Scheme and such adjustment will be certified by an independent financial adviser or auditors of the Company (as the case may be).

Save for the foregoing, as at the date of this announcement, the Company had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares prior to the Record Date. Save for the Subscription, the Company has no further intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

The Group is principally engaged in the provision of (i) licensed business on corporate finance advisory services, placing and underwriting services, asset management services and securities brokerage and margin financing; and (ii) non-licensed business on environmental, social and governance advisory services, business consultancy services, corporate secretarial services, accounting and taxation services, risk management and internal control advisory services and human resources services in Hong Kong.

Pursuant to ongoing development strategies, the Group strives to explore the possibility of investing and establishing a presence in the online gaming industry and broadening its revenue stream from types of services offered by the Group.

According to publicly available information, the global mobile online game industry was valued at approximately US\$108.2 billion in 2022 and is projected to grow annually at a compound annual growth rate (CAGR) of approximately 13.6% during the period from 2023 to 2030, reaching approximately US\$339.5 billion by 2030. Taking into consideration, amongst other factors, (i) the forecasted growth in the global mobile online game industry; (ii) the increasing adoption of smartphones across the globe; (iii) the convenience and accessibility of mobile online games which can be played anywhere and at any time; and (iv) the increasing popularity of augmented reality and virtual reality gaming, the Board considers that it is in the interests of the Company and the Shareholders as a whole for the Group to develop mobile online game business.

Having reviewed the forecasted growth in the global mobile online game industry, the Board considers that the exploration in the investment in the online gaming industry provides a precious opportunity for the Group to develop its presence in the fast growing online game industry, diversify its businesses and maximise the return to the Shareholders. The Group will be actively seeking for suitable targets to invest, in particular, the shares of business which engage in gaming activities and technologies. As at the date of this announcement, the Company is yet to identify a specific target.

Intended use of the net proceeds	Net proceeds to be used
Approximately 70% of the net proceeds for the investment in shares of business which engage in the gaming and entertainment industry	HK\$21.8 million
Approximately 30% of the net proceeds for general working capital	HK\$9.3 million
Total	HK\$31.1 million

Fund-raising alternatives

Apart from the Rights Issue, the Board has considered various fund-raising alternatives before resolving to the Rights Issue, including but not limited to debt financing, placing of new shares and open offer. The Board notes that bank borrowings, if available, would result in additional interest burden, higher gearing ratio of the Company and create pressure to the liquidity of the Company. Hence, the Board does not consider it to be beneficial to the Company. As for open offer, while it is similar to a rights issue, offering Qualifying Shareholders to participate, it does not allow free trading of rights entitlements in the open market. As opposed to open offer, Rights Issue would allow Qualifying Shareholders to participate in the future development of the Company and at the same time offer more flexibility to the Qualifying Shareholders to choose whether to maintain their respective pro-rata shareholding interests in the Company and dealing with the Shares.

Having considered all the other fund-raising alternatives, the Directors are of the view that the Rights Issue is in the best interests of the Company and the Shareholders as a whole, and that it is an appropriate fund-raising method to strengthen the capital base of the Company and support the Company's continuing business development and growth.

As at the date of this announcement, save as disclosed in this announcement, the Company currently (i) does not have any agreement, arrangement, understanding, intention, or negotiation (either concluded or in process) on any potential fundraising activities; and (ii) has no other plan or intention to carry out any future corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Rights Issue.

EXPECTED TIMETABLE OF THE RIGHTS ISSUE

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

Event	Date and Time
Publication of the announcement	23 September 2024
Expected despatch date of the Circular together with notice of EGM and proxy form for EGM	Friday, 18 October 2024
Latest time for lodging transfer documents of the Shares to qualify for attendance and voting at the EGM	4:30 p.m. on Friday, 1 November 2024
Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the EGM	Monday, 4 November 2024 to Friday, 8 November 2024 (both dates inclusive)

Latest time for lodging proxy forms for the EGM	11:00 a.m. on Wednesday, 6 November 2024
Record date for attendance and voting at the EGM	Friday, 8 November 2024
Expected date and time of the EGM to approve the proposed Rights Issue	11:00a.m. on Friday, 8 November 2024
Announcement of the poll results of the EGM	Friday, 8 November 2024
Register of members of the Company re-opens	Monday, 11 November 2024
The following events are conditional on the fulfilment of the conditions relating to the implementation of the Change in Board Lot Size and the Rights Issue and therefore the dates are tentative only:	
Last day of dealings in the Shares on a cum-right basis relating to the Rights Issue	Tuesday, 12 November 2024
Effective date of the change in board lot size from 5,000 Shares each to 10,000 Shares each	Wednesday, 13 November 2024
Designated broker starts to stand in the market to provide matching services for odd lot of the Shares	9:00 a.m. on Wednesday, 13 November 2024
First day of dealings in the Shares on an ex-right basis relating to the Rights Issue	Wednesday, 13 November 2024
Latest time for the Shareholders to lodge transfer documents of the Shares in order to be qualified for the Rights Issue	4:30 p.m. on Thursday, 14 November 2024
Closure of register of members to determine the entitlements to the Rights Issue (both dates inclusive)	Friday, 15 November 2024 to Thursday, 21 November 2024 (both dates inclusive)
Record date for the Rights Issue	Thursday, 21 November 2024
Register of members of the Company re-opens	Friday, 22 November 2024

Expected despatch date of the Prospectus Documents (including the PAL and Prospectus), and in case of the Non-Qualifying Shareholders, the Prospectus only	Friday, 22 November 2024
First day of dealings in nil-paid Rights Shares	Tuesday, 26 November 2024
Latest time for splitting the PAL	4:30 p.m. on Thursday, 28 November 2024
Last day of dealings in nil-paid Rights Shares	Tuesday, 3 December 2024
Designated broker ceases to provide matching services for odd lot of the Shares	4:00 p.m. on Tuesday, 3 December 2024
Latest time for acceptance of and payment for the Rights Shares	4:00 p.m. on Friday, 6 December 2024
Announcement of the number of Unsubscribed Rights Shares subject to the Compensatory Arrangements	Friday, 13 December 2024
Commencement of placing of Unsubscribed Rights Shares by the Placing Agent	Monday, 16 December 2024
Latest time of placing of the Unsubscribed Rights Shares by the Placing Agent	Wednesday, 18 December 2024
Latest time for terminating the Underwriting Agreement and for the Rights Issue to become unconditional	4:00 p.m. on Wednesday, 18 December 2024
Announcement of results of the Rights Issue to be published on the respective websites of the Stock Exchange and the Company	Tuesday, 24 December 2024
Despatch of share certificates for fully-paid Rights Shares and completion of placing or subscription of any Unsubscribed Rights Share to take place	Friday, 27 December 2024
Despatch of refund cheques, if any, if the Rights Issue is terminated	Friday, 27 December 2024
Commencement of dealings in fully-paid Rights Shares	9:00 a.m. on Monday, 30 December 2024
Payment of Net Gain to relevant No Action Shareholders (if any) or Excluded Shareholders (if any)	Thursday, 2 January 2025

The following events are conditional on the fulfilment of the conditions for the implementation of the Capital Reduction and Sub-division and therefore the dates are tentative:

Expected effective date of the Capital Reduction and the Sub-division	Before 9:00 a.m. on Tuesday, 4 February 2025
Commencement of dealing in the New Ordinary Shares	9:00 a.m. on Tuesday, 4 February 2025
First day of free exchange of existing share certificates for new shares certificates for the New Ordinary Shares	Tuesday, 4 February 2025
Last day for free exchange of existing share certificates for new share certificates for the New Ordinary Shares	Tuesday, 4 March 2025

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

EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND FOR APPLICATION AND PAYMENT FOR RIGHTS SHARES

The Latest Time for Acceptance will not take place if a tropical cyclone warning signal no.8 or above, or “extreme conditions” caused by super typhoons as announced by the Government of the Hong Kong Special Administrative Region or a “black” rainstorm warning:

- (i) is/are in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance. Instead the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or
- (ii) is/are in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance. Instead the Latest Time for Acceptance 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 does not take place on the currently scheduled date, the dates mentioned in the section headed “Expected timetable of the Rights Issue” above may be affected. The Company will notify the Shareholders by way of announcements on any change to the expected timetable as soon as practicable.

APPLICATION FOR WHITEWASH WAIVER

Assuming (i) there is no change in the number of issued Shares from the date of this announcement up to and including the date of close of the Rights Issue; (ii) none of the Qualifying Shareholders have taken up their entitlements under the Rights Issue; and (iii) a maximum of 88,452,080 Unsubscribed Rights Shares have been taken up by Tanner Enterprise, the aggregate shareholding of Mr. Li Man Keung Edwin and parties acting in concert with it in the Company upon the close of the Rights Issue will increase from the current level of approximately 15.41% to approximately 55.50% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares. Tanner Enterprises will, in the absence of the Whitewash Waiver, be obliged to make a mandatory cash offer for all issued Shares not already owned or agreed to be acquired by it pursuant to Rule 26 of the Takeovers Code.

If the Whitewash Waiver is approved by the Independent Shareholders, the maximum potential holding of voting rights of the Company held by Mr. Li Man Keung Edwin and parties acting in concert with it as a result of the underwriting of the Rights Shares by Mr. Li Man Keung Edwin pursuant to the Underwriting Agreement will exceed 50% of the voting rights of the Company. Mr. Li Man Keung Edwin and parties acting in concert with him may further increase their holdings of voting rights of the Company without incurring any further obligations under Rule 26 of the Takeovers Code to make a general offer. An application will be made by Tanner Enterprises to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, would be subject to, among other things, the approval of the Independent Shareholders at the EGM by way of poll. Under the Takeovers Code, the resolution(s) in relation to the Whitewash Waiver shall be approved by at least 75% of the independent votes that are casted either in person or by proxy by the Independent Shareholders at the EGM by way of poll, and the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder would be subject to, among others, the approval by more than 50% of the Independent Shareholders at the EGM by way of poll. The Executive may or may not grant the Whitewash Waiver. As it is a condition precedent to the completion of the Rights Issue that the Whitewash Waiver is granted by the Executive, the Rights Issue will not proceed if the Whitewash Waiver is not granted by the Executive or if any other conditions precedent under the Underwriting Agreement is not fulfilled.

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

PROPOSED SUBSCRIPTION OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

The Subscription Agreement

On 23 September 2024 (after trading hours, the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company conditionally agrees to issue and the Subscriber conditionally agrees to subscribe for the Convertible Bonds in the principal amount of HK\$5,670,000.

Set out below are the principal terms of the Subscription Agreement:

Date: 23 September 2024

Parties: (i) the Company as issuer; and
(ii) the Subscriber

To the best of the Directors' knowledge and having made all reasonable enquiries, each of the Subscriber and its ultimate beneficial owner is a third party independent of the Company and its connected persons.

Subscription Price: HK\$5,670,000

Conditions of the Subscription Agreement

The Subscription is conditional upon:

- (i) the passing by the Independent Shareholders of relevant resolution(s) at the EGM in compliance with the requirements of the GEM Listing Rules approving:
 - (a) the Subscription Agreement and the transactions contemplated thereunder; and
 - (b) the issue of the Convertible Bonds and the Specific Mandate for the allotment and issue of the Conversion Shares to holder(s) of the Convertible Bonds in accordance with the terms and conditions of the Convertible Bonds;
- (ii) all necessary consents and approvals required to be obtained on the part of the Company in respect of the Subscription Agreement and the transactions contemplated thereunder having been obtained;
- (iii) all necessary consents and approvals required to be obtained on the part of the Subscriber in respect of the Subscription Agreement and the transactions contemplated thereunder having been obtained;

- (iv) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Conversion Shares to be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds;
- (v) none of the warranties given by the Company under the Subscription Agreement having been breached in any material respect (or, if capable of being remedied, has not been remedied), or is misleading or untrue in any material respect; and
- (vi) none of the warranties given by the Subscriber under the Subscription Agreement having been breached in any material respect (or, if capable of being remedied, has not been remedied), or is misleading or untrue in any material respect.

In the event that the conditions of the Subscription are not fulfilled on or before 31 December 2024 or such other date as may be agreed between the parties to the Subscription Agreement, the Subscription Agreement shall cease and terminate and neither the Company nor the Subscriber shall have any obligations and liabilities under the Subscription Agreement.

Completion of the Subscription will not be conditional to any conditional precedents of the Rights Issue or the completion of the Rights Issue.

Completion

The Subscription Agreement shall complete within 3 Business Days after the day on which the conditions set out above are fulfilled or, as the case may be, waived (or such later date as may be agreed between the Company and the Subscriber in writing).

Issuer:	The Company
Subscriber:	Redbridge Capital Global Opportunities OFC
Issue Price:	100% of the principal amount
Principal amount:	HK\$5,670,000
Conversion price:	The Conversion Price per Conversion Share shall be HK\$0.315, subject to the customary adjustments in certain events including share consolidation, share sub-division, capitalisation issue, capital distribution, rights issue and issue of other securities
Interest rate:	The Convertible Bonds bear no interest

Conversion Shares:	Based on the principal amount of the Convertible Bonds of HK\$5,670,000, the Convertible Bonds are convertible into 18,000,000 Conversion Shares at the initial conversion price of HK\$0.315 per Conversion Share (subject to adjustments)
Conversion Period:	the period commencing from one (1) month from the date of the completion of the Rights Issue, or subject to the mutual agreement between the Company and the Bondholder(s) from the date of the issue of the Bond, and ending on the Maturity Date (both dates inclusive)
Conversion rights and restrictions	The holder(s) of the Convertible Bonds shall, subject to compliance with the procedures set out in the terms and conditions thereunder, have the right at any time during the conversion period to convert the whole or part of the outstanding principal amount of the Convertible Bonds registered in its name into the Conversion Shares provided further the exercise of the conversion rights attached to the Convertible Bonds will not cause the Company to be unable to meet the public float requirement under the GEM Listing Rules
Ranking:	The Conversion Shares, when allotted and issued, shall rank pari passu in all respects with the Shares in issue on the relevant conversion date including the right to all dividends other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date thereof shall be on or before the relevant conversion date
Maturity date:	The date falling twenty-four (24) months after the date of the issue of the Convertible Bonds
Voting rights:	The holder(s) of the Convertible Bonds shall not have any right to attend or vote in any general meeting of the Company
Transferability:	Subject to compliance with the GEM Listing Rules, the Convertible Bond shall not be assigned or transferred in whole or in part except with the prior written consent of the Company, which consent shall not be unreasonably withheld
Security:	The obligations of the Company under the Convertible Bonds are unsecured

Based on the initial Conversion Price of HK\$0.315 per Conversion Share, a maximum number of 18,000,000 Conversion Shares will be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds in full, which represent: (i) approximately 42.0% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 29.6% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon the exercise of the conversion rights attaching to the Convertible Bonds in full. The maximum aggregate nominal value of the Conversion Shares is HK\$4,500,000.

Conversion Price

The initial Conversion Price of HK\$0.315 per Conversion Share represents:

- (i) a discount of approximately 13.7% from the closing price of HK\$0.365 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and
- (ii) a discount of approximately 4.3% from the average closing price of HK\$0.329 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement.

The net Conversion Price, after deduction of relevant expenses, is approximately HK\$0.315 per Conversion Share.

The Conversion Price was arrived at after arm's length negotiations between the Company and the Subscriber, taking into account of, among others, the recent trading performance of the Shares and the financial position of the Group. The Directors consider that the Conversion Price and the terms and conditions of the Subscription Agreement and the Convertible Bonds are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mandate to issue the Conversion Shares

The Conversion Shares will be allotted and issued pursuant to the Specific Mandate to be sought from the Shareholders at the EGM.

Application for listing

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 Conversion Shares. No application will be made for listing of, or permission to deal in, the Convertible Bonds on the Stock Exchange or any other stock exchange.

EFFECT ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the possible changes in the shareholding structure of the Company arising from the proposed Rights Issue which are for illustrative purpose only.

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Rights Issue assuming all Qualifying Shareholders take up their respective entitlements; (iii) immediately after completion of the Rights Issue assuming no Qualifying Shareholders take up their respective entitlements and the Unsubscribed Shares and the NQS Unsold Rights Shares are underwritten by the Underwriter; and (iv) immediately upon full conversion of the Convertible Bonds at the initial Conversion Price (assuming that there are no other changes to the shareholding structure of the Company from the date of this announcement up to the full conversion of the Convertible Bonds):

Substantial Shareholders and Directors	As at the date of this		Assuming all Qualifying		Assuming no Qualifying		Immediately upon full	
	Announcement		Shareholders take up their		Shareholders take up their		conversion of the Convertible	
	<i>Number of</i>	<i>Approximate</i>	<i>Number of</i>	<i>Approximate</i>	<i>Number of</i>	<i>Approximate</i>	<i>Number of</i>	<i>Approximate</i>
	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>
Mr. Li Man Keung Edwin (<i>Note 1</i>)	6,598,800	15.41%	26,395,200	15.41%	95,050,880	55.50%	95,050,880	50.22%
Mr. Yeung Chun Yue David (<i>Note 2</i>)	1,520,000	3.55%	6,080,000	3.55%	1,520,000	0.89%	1,520,000	0.80%
Mr. Hui Ringo Wing Kun (<i>Note 3</i>)	900,000	2.10%	3,600,000	2.10%	900,000	0.53%	900,000	0.48%
Public Shareholders								
Mr. Gan Fanglun	7,416,000	17.32%	29,664,000	17.32%	7,416,000	4.33%	7,416,000	3.92%
Placees	–	0.00%	–	0.00%	40,000,000	23.36%	40,000,000	21.13%
Subscriber	–	0.00%	–	0.00%	–	0.00%	18,000,000	9.51%
Other public shareholders	26,382,560	61.62%	105,530,240	61.62%	26,382,560	15.40%	26,382,560	13.94%
Total	42,817,360	100.00%	171,269,440	100.00%	171,269,440	100.00%	189,269,440	100.00%

Notes:

- 4,549,200 Shares are held by Tanner Enterprises Group Limited which is wholly owned by Mr. Li Man Keung Edwin, an executive Director. Mr. Li Man Keung Edwin also directly holds 2,049,600 Shares. The aggregate Shares beneficially owned by Mr. Li Man Keung Edwin is 6,598,800 Shares.
- 1,520,000 Shares are held by Great Win Global Limited, which is wholly owned by Mr. Yeung Chun Yue David, an executive Director.
- 900,000 Shares are held by Bright Music Limited, which is wholly owned by Mr. Hui Ringo Wing Kun, an executive Director.
- For illustration purposes only, under the terms of the Convertible Bonds, the exercise of the conversion rights attached to the Convertible Bonds shall not cause the Company to be unable to meet the public float requirements under the GEM Listing Rules.

Shareholders and public investors should note that the above shareholding changes are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including the results of acceptance of the Rights Issue.

FUND RAISING ACTIVITY OF THE COMPANY IN THE PAST 12 MONTHS

The following is the equity fund raising activity conducted by the Company in the past 12 months immediately before this announcement.

Date of announcement	Fundraising activity	Net proceeds raised	Intended use of net proceeds	Actual use of net proceeds
23 February 2024	Subscription of new shares under general mandate	HK\$9.99 million	General working capital	Fully utilized as intended

Save as disclosed above, the Company has not conducted any equity fund raising activities in the past 12 months immediately prior to the date of this announcement.

INFORMATION OF THE GROUP

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of (i) corporate finance advisory services, (ii) placing and underwriting services, (iii) asset management services, (iv) business consultancy services, (v) environmental, social and governance advisory services, (vi) corporate secretarial services, (vii) accounting and taxation services, (viii) risk management and internal control advisory services, and (ix) human resources services in Hong Kong.

INFORMATION OF THE SUBSCRIBER

Redbridge Capital Global Opportunities OFC is an open ended fund company established in Hong Kong and registered with the Hong Kong Securities & Futures Commission on behalf of Redbridge Capital Global Opportunities 1 and Redbridge Capital Global Opportunities 2, equally.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Subscriber is an Independent Third Party. Immediately before entering into the Subscription Agreement, the Subscriber does not have any interests in the Shares.

REASONS FOR AND BENEFITS OF THE PROPOSED SUBSCRIPTION OF CONVERTIBLE BONDS AND USE OF PROCEEDS

The proceeds from the Subscription will be HK\$5,670,000. The Company intends to apply the proceeds from the Subscription as general working capital of the Group.

Pursuant to ongoing development strategies, the Directors anticipates the Company would be able to create synergy with the Subscriber by utilizing its financial expertise and building from the Subscriber's networking with consideration that (i) the net proceeds from the Subscription would relieve the Group of its potential growing operation and administrative expenses following its development strategies; and (ii) any Conversion Shares will act as an incentive for the Subscriber to enter into any active role in contribution to the continuous growth of the Group.

The Directors are of the view that the terms of the Subscription Agreement are on normal commercial terms and are fair and reasonable so far as the Company and the Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

PROPOSED CAPITAL REDUCTION OF ISSUED SHARES AND SUB-DIVISION OF UNISSUED SHARES

Assuming the Increase in Authorised Share Capital becomes effective, the authorised share capital of the Company will be HK\$100,000,000 divided into 400,000,000 Ordinary Shares, of which 42,817,360 Ordinary Shares have been issued and are fully paid or credited as fully paid. The Board proposes the Capital Reduction and the Sub-division to be implemented in the following manner:

- (i) the par value of each of the issued Ordinary Shares be reduced from HK\$0.25 to HK\$0.01 per issued Ordinary Share by cancelling the paid up share capital to the extent of HK\$0.24 per issued Ordinary Share by way of reduction of capital, so as to form issued New Ordinary Shares with par value of HK\$0.01 each;
- (ii) the credit arising from the Capital Reduction be applied towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated losses of the Company. The balance of credit (if any) will be transferred to a distributable reserve account of the Company and be applied for such purposes as permitted by all applicable laws and the memorandum and articles of association of the Company and as the Board considers appropriate;
- (iii) immediately following the Capital Reduction becoming effective, each of the authorised but unissued Ordinary Shares with par value of HK\$0.25 each be subdivided into 25 authorised but unissued New Ordinary Shares with par value of HK\$0.01 each; and
- (iv) each of the New Ordinary Shares arising from the Capital Reduction and Sub-division shall rank pari passu in all respects with each other and will have rights and privileges and be subject to the restrictions contained in the memorandum and articles of association of the Company.

Assuming there will be no change in the issued share capital of the Company from the date of this announcement up to the date on which the Capital Reduction and the Sub-division become effective, the share capital structure of the Company will be as follows:

	As of the date of this announcement	Immediately after the Capital Reduction and the Sub-division becoming effective
Par value	HK\$0.25 per Ordinary Share	HK\$0.01 per Ordinary Share
Amount of the authorised share capital	HK\$100,000,000	HK\$100,000,000
Number of authorised shares	400,000,000	10,000,000,000
Amount of the issued share capital	HK\$10,704,340	HK\$428,173.60
Number of issued shares	42,817,360	42,817,360

As at the date of this announcement, 42,817,360 Ordinary Shares have been issued and are fully paid or credited as fully paid. Assuming that the par value of each of the 42,817,360 issued Ordinary Shares will be reduced from HK\$0.25 to HK\$0.01 per issued Ordinary Share by cancelling the paid up share capital to the extent of HK\$0.24 per issued Ordinary Share by way of a reduction of capital, so as to form issued New Ordinary Shares with par value of HK\$0.01 each, the Company's existing issued share capital of HK\$10,704,340 will be reduced by HK\$10,276,166.40 to HK\$428,173.60.

Reasons for and Effects of the Capital Reduction and the Sub-division

The proposed Capital Reduction and Sub-division will enable the par value of the Shares to be reduced from HK\$0.25 to HK\$0.01 each. The credit arising from the Capital Reduction will be applied towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated losses of the Company. The balance of credit (if any) will be transferred to the distributable reserve account of the Company which may be utilised by the Directors as a distributable reserve.

The Board is of the opinion that the proposed Capital Reduction will give greater flexibility to the Company to declare dividends and/or to undertake any corporate exercise which requires the use of distributable reserves in the future, subject to the Company's performance and when the Board considers that it is appropriate to do so in the future.

The Board considers that the Capital Reduction and the Sub-division will enable the nominal or par value of the Shares to be reduced from HK\$0.25 to HK\$0.01 each, thus giving greater flexibility to the Company to issue new Shares in the future given that the Company is not permitted, without order of the Court, to issue new Shares below their nominal or par value. It is important for Shareholders to note that, at this stage, there can be no assurance that any dividends will be declared or paid in the future, or that the Company will issue New Ordinary Shares, even if the Capital Reduction and the Sub-division take effect.

As the Company intends to conduct further fund raising exercises to improve the financial position of the Company, the Directors are of the view that the Capital Reduction and the Sub-division are in the best interests of the Company and its Shareholders as a whole. Save for applying the credit arising from the Capital Reduction towards offsetting the accumulated losses of the Company and the expenses to be incurred in relation to the Capital Reduction and the Sub-division, the Directors consider that the Capital Reduction and the Sub-division will have no effect on the underlying assets, business operations, management or financial position of the Company or the proportional interests of the Shareholders in the Company.

IMPLICATIONS UNDER THE GEM LISTING RULES

Since the proposed Rights Issue will increase the issued share capital or the market capitalization of the Company by more than 50%, in accordance with Rule 10.29(1) of the GEM Listing Rules, the proposed Rights Issue must be made conditional on approval by the Independent Shareholders in general meeting by a resolution on which any controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the proposed Rights Issue.

As at the date of this announcement, the Company has no controlling shareholder, and as such the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the proposed resolution approving the Rights Issue in accordance with Rule 10.29(1) of the GEM Listing Rules. As at the date of this announcement, Mr. Li Man Keung Edwin, Mr. Yeung Chun Yue David and Mr. Hui Ringo Wing Kun, being executive Directors, owns approximately 15.41%, 3.55% and 2.10% of the issued Shares. Accordingly, Mr. Li Man Keung Edwin, Mr. Yeung Chun Yue David and Mr. Hui Ringo Wing Kun shall be required to abstain from voting in favour of the proposed resolution to approve the Rights Issue and the transactions contemplated thereunder at the EGM. Save for Mr. Li Man Keung Edwin's, Mr. Yeung Chun Yue David's and Mr. Hui Ringo Wing Kun's interests in the Shares, no other Director or chief executive of the Company and their respective associates are interested in the Shares as at the date of this announcement.

The Company has not conducted any rights issue, open offer or specific mandate placings within the 12-month period immediately preceding the date of this announcement, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities as part of any rights issue, open offer and/or specific mandate placings within such 12-month period.

The Rights Issue will not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 10.44A of the GEM Listing Rules.

As at the date of this announcement, Tanner Enterprises, being the Underwriter of the Underwriting Agreement, is deemed a connected person of the Company. Accordingly, the transactions contemplated under the Underwriting Agreement constitute connected transactions of the Company under the GEM Listing Rules and the Underwriting Agreement is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

The Convertible Bonds and the Conversion Shares will be issued under the Specific Mandate which is subject to Independent Shareholders' approval at the EGM. The EGM will be convened and held for the purposes of considering, and if thought fit, approving, among other things, the Subscription and the Specific Mandate to allot and issue the Conversion Shares.

ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Company will establish an independent board committee, comprising all the independent non-executive Directors, to make recommendations to the Independent Shareholders in respect of the Rights Issue, the Underwriting Agreement, the Whitewash Waiver, the Subscription and the transactions contemplated thereunder. The Company will appoint an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

GENERAL

The EGM will be convened for the Shareholders to consider and, if thought fit, approve the Rights Issue, the Underwriting Agreement, the Whitewash Waiver, the Subscription and the transactions contemplated thereunder. A circular containing, among other things, (i) further details of the Rights Issue, the Underwriting Agreement, the Whitewash Waiver and the Subscription; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the aforementioned transactions above; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the aforementioned transactions above; and (iv) a notice convening the EGM, is expected to be despatched to the Shareholders on or before Friday, 18 October 2024.

Subject to the fulfilment of certain conditions of the Rights Issue, the Company will despatch the Prospectus Documents containing, among other matters, details of the Rights Issue, to the Qualifying Shareholders. The Company will despatch the Prospectus (without the PAL(s)) to the Non-Qualifying Shareholders for their information only.

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

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the section headed “Termination of the Underwriting Agreement” in this announcement). Accordingly, the Rights Issue may or may not proceed.

Any Shareholder or other person dealing in the Shares and/or the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue are fulfilled (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares. Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“acting in concert”	has the same meaning ascribed thereto under the Takeovers Code
“associate(s)”	has the same meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day on which licensed banks in Hong Kong are generally open for business, other than a Saturday or a Sunday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is issued in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not cancelled at or before 12:00 noon
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change in Board Lot Size”	the change in board lot size of the Shares for trading on the Stock Exchange from 5,000 Shares to 10,000 Shares
“Company”	Hatcher Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the GEM (Stock Code: 8365)
“Compensatory Arrangements”	the arrangement involving the placing of the Unsubscribed Rights Shares, if any, by the Placing Agent on a best effort basis pursuant to the Placing Agreement in accordance with Rule 10.31(1)(b) of the GEM Listing Rules
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the proposed Rights Issue
“Existing Share(s)”	ordinary share(s) of HK\$0.250 each in the share capital of the Company
“GEM”	GEM operated by the Stock Exchange

“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$” or “HKD”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Increase in Authorised Share Capital”	The proposed increase the authorised share capital of the Company from HK\$20,000,000 divided into 80,000,000 Shares to HK\$100,000,000 divided into 400,000,000 Shares
“Independent Board Committee”	the independent board committee of the Board, comprising all the independent non-executive Directors, to be formed for the purpose of giving a recommendation to Independent Shareholders of the Rights Issue
“Independent Shareholder(s)”	any Shareholder(s) who are not required to abstain from voting at the EGM under the GEM Listing Rules
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and any of its connected persons
“Last Trading Day”	23 September 2024, being the last trading day of the Shares on the Stock Exchange before the release of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Friday, 6 December 2024 or other time or date as may be agreed in writing between the Company and the Underwriter, being the latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus Documents
“Latest Time for Compensatory Arrangements”	being the latest time for the Placing Agent to determine the list of Placees and to notify the Company and the Underwriters of the results of the Placing
“Latest Time for Termination”	4:00 p.m. on Wednesday, 18 December 2024 or such other time or date as the Underwriter may agree in writing with the Company, being the latest time for termination of the Underwriting Agreement
“Listing Committee”	has the meaning as defined in the GEM Listing Rules

“No Action Shareholders”	those Qualifying Shareholders who do not subscribe for the Right Shares (whether partially or fully) under the PALs or their renounces, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed
“Non-Qualifying Shareholder(s)”	the Overseas Shareholder(s) whom the Directors, after making enquiries with the legal advisers in the relevant jurisdictions, consider it necessary or expedient not to offer the Rights Issue to such Overseas Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“NQS Rights Shares”	the Rights Share(s) which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form
“New Ordinary Share(s)”	ordinary share(s) with par value of HK\$0.01 each in the share capital of the Company immediately following the Capital Reduction and the Sub-division becoming effective
“Ordinary Share(s)”	ordinary share(s) with par value of HK\$0.25 each in the share capital of the Company immediately following the Capital Reduction and the Sub-division becoming effective
“Overseas Shareholder(s)”	the Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose registered address(es) as shown on such register at that time is (are) in (a) place(s) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Placee(s)”	professional, institutional, corporate or other investor(s), procured by the Underwriter and/or its sub-placing agent(s) to subscribe for any of the Unsubscribed Rights Shares pursuant to the Placing Agreement
“Placing”	the placing of a maximum of 40,000,000 Unsubscribed Rights Shares on a best effort basis by the Placing Agent and/or its sub-placing agents(s) to the Placees on the terms and conditions of the Placing Agreement

“Placing Agent”	Redbridge Global Strategies Limited, a licensed corporation carrying out type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO, being the placing agent appointed by the Company pursuant to the Placing Agreement
“Placing Agreement”	the placing agreement dated 23 September 2024 entered into between the Company and the Placing Agent in relation to the Placing
“Prospectus”	the prospectus to be despatched to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL
“Prospectus Posting Date”	Friday, 22 November 2024 or such other date as may be agreed in writing between the Underwriter and the Company, being the date of despatch of the Prospectus Documents
“Qualifying Shareholder(s)”	Shareholder(s), whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date, other than the Non-Qualifying Shareholder(s)
“Record Date”	Thursday, 21 November 2024 or such other date as may be agreed between the Company and the Underwriter in writing, being the date by reference to which entitlements of the Shareholders to participate in the Rights Issue will be determined
“Registrar”	Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company
“Rights Issue”	the proposed issue of the Rights Shares on the basis of three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date at the Subscription Price, payable in full on acceptance and on the terms and subject to the conditions in the Underwriting Agreement and the Prospectus Documents
“Rights Share(s)”	not less than 128,452,080 new Shares and not more than 132,118,080 new Shares to be allotted and issued pursuant to the Rights Issue
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong)

“Share(s)”	ordinary share(s) in the share capital of the Company from time to time
“Shareholder(s)”	holder(s) of issued Share(s)
“Share Option(s)”	the share options to subscribe for Shares granted under the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company on 4 May 2017
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subscriber”	Redbridge Capital Global Opportunities OFC on behalf of Redbridge Capital Global Opportunities 1 and Redbridge Capital Global Opportunities 2, equally, an open ended fund company established in Hong Kong and registered with the Hong Kong Securities & Futures Commission.
“Subscription Price”	HK\$0.250 per Rights Share
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriter” or “Tanner Enterprises”	Tanner Enterprises Group Limited, being an investment holding company incorporated in the British Virgin Islands with limited liability and beneficially owned by Mr. Li Man Keung Edwin, an executive Director
“Underwriting Agreement”	the underwriting agreement dated 23 September 2024 entered into between the Company and the Underwriter in respect of the Rights Issue
“Underwritten Shares”	up to 88,452,080 Rights Shares, to be underwritten by the Underwriter pursuant to the terms and conditions under the Underwriting Agreement
“Unsubscribed Rights Shares”	those Rights Shares that are not subscribed by the Qualifying Shareholders and the NQS Rights Shares that are not successfully sold by the Company as described in the paragraph headed “Arrangements for the NQS Rights Shares” in this announcement

“%”

per cent.

By order of the Board of
Hatcher Group Limited
Hui Ringo Wing Kun
Executive Director

Hong Kong, 23 September 2024

As at the date of this announcement, the Board comprises:

Executive Directors:

Mr. Li Man Keung Edwin (*Executive Chairman*)

Mr. Hui Ringo Wing Kun

Mr. Yeung Chun Yue David (*Vice Chairman*)

Independent non-executive Directors:

Mr. William Robert Majcher

Mr. Ho Lik Kwan Luke

Mr. Lau Pak Kin Patric

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 Stock Exchange’s website at www.hkexnews.hk for at least 7 days from the date of its publication and will be published on the Company’s website at www.hatcher-group.com.

* *for identification purpose only*