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Wan Kei Group Holdings Limited

宏基集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1718)

**PROPOSED RIGHTS ISSUE ON THE BASIS OF
ONE (1) RIGHTS SHARE FOR EVERY ONE (1) SHARE
HELD ON THE RECORD DATE
ON A NON-UNDERWRITTEN BASIS**

Financial adviser to the Company

RAINBOW.

RAINBOW CAPITAL (HK) LIMITED
泓博資本有限公司

Placing Agent



貝塔國際證券

BETA INTERNATIONAL SECURITIES

PROPOSED RIGHTS ISSUE

The Board proposes, subject to, among other things, to conduct the Rights Issue on the basis of one (1) Rights Share for every one (1) Share held on the Record Date at the Subscription Price of HK\$0.2 per Rights Share, to raise gross proceeds of approximately HK\$23.0 million before expenses (assuming no further issue or repurchase of Shares on or before the Record Date), by way of the Rights Issue of up to 115,200,000 Rights Shares to the Qualifying Shareholders. The Rights Issue is only available to the Qualifying Shareholders and will not be available to the Excluded Shareholders.

The estimated net proceeds from the Rights Issue, if fully subscribed, after deducting all necessary expenses, are estimated to be approximately HK\$21.4 million (assuming no further issue or repurchase of Shares on or before the Record Date). Details of the use of proceeds are set out in the paragraph headed “Reasons for and benefits of the Rights Issue and use of proceeds” under the section headed “Proposed Rights Issue” in this announcement.

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. There are no applicable statutory requirements regarding minimum subscription levels in respect of the Rights Issue.

THE COMPENSATORY ARRANGEMENTS AND THE PLACING AGREEMENT

Pursuant to Rule 7.21(1)(b) of the 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. On 17 January 2025 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent to place the Unsubscribed Shares after the Latest Time for Acceptance to independent placees on a best effort basis. Details of the Placing Agreement are set out in the section headed “Placing Agreement” in this announcement.

WARNING OF THE RISK OF DEALINGS IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

The Rights Issue is conditional upon fulfilment of the conditions set out in the paragraph headed “Conditions of the Rights Issue” under the section headed “Proposed Rights Issue” of this announcement, including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Accordingly, the Rights Issue may or may not proceed.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares.

Any Shareholders or potential investors contemplating selling or purchasing the Shares, and/or the nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled will bear the risk that the Rights Issue may not become unconditional and may not proceed.

Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company. 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).

CLOSURE OF REGISTER OF MEMBERS FOR EGM

The register of members of the Company will be closed Friday, 7 March 2025 to Thursday, 13 March 2025 (both dates inclusive) for the purpose of determining the identity of the Shareholders entitled to attend and vote at the EGM. No transfer of Shares will be registered during the above book closure period.

CLOSURE OF REGISTER OF MEMBERS FOR RIGHTS ISSUE

The register of members of the Company will be closed from Wednesday, 19 March 2025 to Tuesday, 25 March 2025 (both dates inclusive) for the purpose of determining entitlements to the Rights Issue. During this period, no transfer of Shares will be registered.

LISTING RULES IMPLICATIONS

Rights Issue

In accordance with Rule 7.19A(1) of the Listing Rules, as the Rights Issue will increase the issued Shares by more than 50%, the Rights Issue is subject to the approval of the Shareholders at the EGM by way of poll. Pursuant to Rule 7.27A of the Listing Rules, the Rights Issue must be made conditional on approval by the 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 Rights Issue.

As as the date of this announcement, no Shareholder shall abstain from voting in favour of the resolution(s) to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder at the EGM.

The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

GENERAL

The EGM will be convened and held to consider, and if thought fit, to approve, among other things, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Jiang Senlin, Mr. Zhang Yi and Ms. Dan Xi, has been established to advise the Independent Shareholders in respect of the Rights Issue, the Placing Agreement and the transaction contemplated thereunder. The Company will appoint an Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further details of the Rights Issue and the Placing Agreement; (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 Tuesday, 18 February 2025.

Subject to the fulfilment of certain conditions of the Rights Issue including the approval of the Shareholders at the EGM, the Company will despatch the Prospectus Documents containing, among other matters, details of the Rights Issue, to the Qualifying Shareholders on the Prospectus Posting Date. Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company may despatch the Prospectus to the Excluded Shareholders for their information only but the Company will not send the PAL to the Excluded Shareholders.

PROPOSED RIGHTS ISSUE

The Board proposes the Rights Issue with the terms set out as follows:

Issue statistics

Basis of the Rights Issue	:	One (1) Rights Share for every one (1) Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.2 per Rights Share
Net price per Rights Share (i.e. Subscription Price less estimated cost and expenses to be incurred in the Rights Issue)	:	Approximately HK\$0.1861 per Rights Share
Number of Shares in issue as at the date of this announcement	:	115,200,000 Shares
Number of Rights Shares to be issued pursuant to the Rights Issue	:	up to 115,200,000 Rights Shares (assuming no Shares are issued or repurchased on or before the Record Date)
Aggregate nominal value of the Rights Shares	:	up to HK\$11,520,000 (assuming no Shares are issued or repurchased on or before the Record Date)

Total number of Shares in issue upon completion of the Rights Issue : up to 230,400,000 Shares (assuming no Shares are issued or repurchased on or before the Record Date)

Gross proceeds from the Rights Issue : up to approximately HK\$23.0 million before expenses (assuming no Shares are issued or repurchased on or before the Record Date)

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.

Assuming no Shares are issued or repurchased on or before the Record Date, the 115,200,000 Rights Shares to be issued pursuant to the terms of the Rights Issue represent 100.0% of the total number of issued Shares and 50.0% of the total number of issued Shares as enlarged by the issue of the Rights Shares.

Non-underwritten basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event the Rights Issue is not fully subscribed, any Unsubscribed Shares together with the NQS Unsold Rights Shares will be placed to independent places under the Compensatory Arrangements on a best efforts basis. Any Unsubscribed Shares or NQS Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, the Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s), or transferees of nil-paid Rights Shares (or either of them, whichever shall be appropriate), may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) of the Listing Rules.

As at the date of this announcement, the Board has not received any information or undertaking from any substantial shareholders of their intention in relation to the Rights Shares to be allotted to them under the Rights Issue.

Subscription Price

The Subscription Price of HK\$0.2 per Rights Share is payable in full when a Qualifying Shareholder accepts the relevant provisional allotment of Rights Shares or when a transferee of nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 29.82% to the closing price of HK\$0.285 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 31.97% to the average closing price per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.294;
- (iii) a discount of approximately 36.31% to the average closing price per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.314;
- (iv) a discount of approximately 17.53% to the theoretical ex-rights price of approximately HK\$0.2425 per Share based on the closing price of HK\$0.285 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of a discount of approximately 17.64% represented by the theoretical diluted price of approximately HK\$0.2545 to the benchmarked price of approximately HK\$0.309 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.285 per Share and the average closing price of the Shares in the five trading days immediately prior to the date of this announcement of HK\$0.309 per Share);
- (vi) a discount of approximately 74.36% to the consolidated net asset value per share attributable to the Shareholders as at 31 March 2024 of approximately HK\$0.78 calculated based on the audited consolidated net assets of the Group attributable to the Shareholders of approximately HK\$90,322,000 as set out in the annual report of the Company for the year ended 31 March 2024 and 115,200,000 Shares in issue as at the date of this announcement; and
- (vii) a discount of approximately 75.00% to the consolidated net asset value per share attributable to the Shareholders as at 30 September 2024 of approximately HK\$0.80 calculated based on the unaudited consolidated net assets of the Group attributable to the Shareholders of approximately HK\$92,242,000 as set out in the interim results announcement of the Company for the six months ended 30 September 2024 and 115,200,000 Shares in issue as at the date of this announcement.

The Rights Issue will not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

The Subscription Price was determined taking into consideration (i) the recent market price of the Shares; (ii) the prevailing market conditions; (iii) the low trading volume of the Shares; and (iv) the amount of funds the Company intends to raise under the Rights Issue for the purposes described in the section headed “Reasons for and benefits of the Rights Issue and the use of proceeds” in this announcement. The Directors consider that the Subscription Price at a discount to the current market price of the Shares would enhance the attractiveness of the Rights Issue, and in turn encourage the Shareholders to participate in the Rights Issue, and accordingly allow them to maintain their shareholdings in the Company and participate in the future growth and development of the Group.

The Directors were aware of the fact that the Subscription Price represents a discount of approximately 74.36% and 75.00% to the consolidated net asset value per Share of approximately HK\$0.78 per Share as at 31 March 2024 and approximately HK\$0.80 per Share as at 30 September 2024, respectively. However, it is also noted that during the period from 1 July 2024 up to the Last Trading Day (the “**Relevant Period**”), the Shares were traded at all time at a discount to the consolidated net asset value per Share. In particular, it was noted that the Shares were traded with discounts ranging from approximately 37.5% to 71.6% as compared to the unaudited consolidated net asset value per Share as at 30 September 2024 (the “**NAV Discount Range**”). Considering the level of closing price of the Shares and that the Shares had been consistently traded at a substantial discount to the unaudited consolidated net asset value per Share during the Relevant Period, the Directors were of the view that, when determining the Subscription Price, it would be more appropriate to make reference to the prevailing market price of the Shares which reflected the fair market value of the Shares traded on the Stock Exchange, instead of making reference to the net asset value per Share. Although the Subscription Price represents a discount of approximately 75.00% to the unaudited consolidated net asset value per Share as at 30 September 2024, which is slightly out of the NAV Discount Range, the Board considers that, if the Subscription Price was made with reference to the consolidated net asset value per Share, the willingness of the Shareholders to participate in the Rights Issue would be significantly reduced, which would not be favourable to the Company and the Shareholders as a whole.

The Directors (other than the members of the Independent Board Committee whose view will be set out in the circular after taking into account the advice of the Independent Financial Adviser) consider that, in view of prevailing market conditions and factors as described above, the terms of the Rights Issue, including the Subscription Price, are on commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. The net price per Rights Share (i.e., Subscription Price less the estimated cost and expenses to be incurred in the Rights Issue) upon full acceptance of the relevant provisional allotment of Rights Shares will be approximately HK\$0.1861 per Rights Share.

Basis of provisional allotment

Under the Rights Issue, the basis of the provisional allotment will be one (1) Right Share for every one (1) Share held by the Shareholders as at the close of business on the Record Date at the Subscription Price. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing a PAL and lodging the same with a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before 4:00 p.m. on 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.

Fractional provisional allotment of the Rights Shares

On the basis of the provisional allotment of one (1) Right Share for every one (1) Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue and no entitlements of the Excluded Shareholders to the Rights Shares shall be issued to the Excluded Shareholders. No odd lot matching services will be provided.

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. 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.

Qualifying Shareholders

The Rights Issue will only be available to the Qualifying Shareholders. The Company will send the Prospectus Documents to the Qualifying Shareholders. Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company may send copies of the Prospectus to the Excluded Shareholders for their information only but will not send any PAL to them.

To qualify for the Rights Issue, a Shareholder must be (i) registered as a member of the Company at the close of business on the Record Date; and (ii) not an Excluded Shareholder.

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will consider nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company and 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.

In order to be registered as members of the Company on the Record Date, the Shareholders must lodge any transfer documents of the Shares (together with the relevant share certificates) with the Registrar, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by no later than 4:30 p.m. on Tuesday, 18 March 2025.

The Company expects to send the Prospectus Documents to the Qualifying Shareholders on Wednesday, 26 March 2025.

Qualifying Shareholders who take up their pro-rata entitlement in full under the Rights Issue will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements).

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.

Certificates of the Rights Shares and refund cheques

Subject to fulfilment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be sent on or about Friday, 9 May 2025 by ordinary post to those entitled thereto, at their own risk, to their registered addresses. If the Rights Issue does not become unconditional, refund cheques without interest are expected to be posted on or before Friday, 9 May 2025 by ordinary post to the respective applicants, at their own risk. Shareholders, except HKSCC Nominees Limited, will receive one share certificate for all the Rights Shares in fully-paid form, allotted and issued to those entitled.

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 Excluded Shareholders, their receipt of the net proceeds, if any, from sale of the nil-paid Rights Shares on their behalf.

Application for listing in nil-paid and fully-paid forms

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and the 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. 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. Dealing in the Rights Shares in both their nil-paid and fully-paid forms will be in the board lots of 5,000 Rights 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 their nil-paid and fully-paid forms) on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares (in both their nil-paid and fully-paid forms) will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the rights shares in their nil-paid and fully-paid forms 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 HKSCC and HKSCC 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.

Rights of Overseas Shareholders

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. If there are Overseas Shareholders at the close of business on the Record Date, the Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

The Board will comply with Rule 13.36(2)(a) of the Listing Rules and 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, the Rights Issue will not be extended to the Excluded Shareholders.

As at the date of this announcement, there are no Overseas Shareholders based on the register of members of the Company. The basis for excluding the Excluded Shareholders, if any, from the Rights Issue will be set out in the Prospectus to be issued. To the extent reasonably practicable and subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, the Company will send the Prospectus (without the PAL) and a letter explaining the circumstances in which the Excluded Shareholders are not permitted to participate in the Rights Issue to the Excluded Shareholders for their information only.

Overseas Shareholders 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 13.36(2) of the Listing Rules. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares. The Company reserves the right to treat as invalid any acceptances of, or applications for, the Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their own professional advisers.

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

Pursuant to Rule 7.21(1)(b) of the Listing Rules, the Company must make arrangements to dispose of any Unsubscribed Shares and the NQS Unsold Rights Shares by offering such Unsubscribed Shares and the NQS Unsold Rights Shares to independent places for the benefit of those Shareholders to whom they were offered by way of the Rights Issue. There will be no excess application arrangements in relation to the Rights Issue as stipulated by Rule 7.21(1)(a) of the Listing Rules.

The Company appointed the Placing Agent to place the Unsubscribed Shares after the Latest Time for Acceptance to independent places on a best effort basis, and any premium over the aggregate amount of (i) the Subscription Price for those Rights Shares; and (ii) the expenses of the Placing Agent (including any other related costs and expenses), that is realised from the Placing (the “**Net Gain**”) will be paid to the relevant No Action Shareholders and Excluded 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 Monday, 28 April 2025, acquirers for all (or as many as possible) of those Unsubscribed Shares and the NQS Unsold Rights Shares at a price not less than the Subscription Price.

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 Excluded 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 Excluded Shareholders, the relevant Excluded 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 Excluded 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.

CLOSURE OF REGISTER OF MEMBERS FOR EGM

The register of members of the Company will be closed from Friday, 7 March 2025 to Thursday, 13 March 2025 (both dates inclusive) for the purpose of determining the identity of the Shareholders entitled to attend and vote at the EGM. No transfer of Shares will be registered during the above book closure period.

CLOSURE OF REGISTER OF MEMBERS FOR RIGHTS ISSUE

The register of members of the Company will be closed from Wednesday, 19 March 2025 to Tuesday, 25 March 2025 (both dates inclusive) for the purpose of determining entitlements to the Rights Issue. During this period, no transfer of Shares will be registered.

PLACING AGREEMENT

Principal terms of the Placing Agreement are summarised below:

Placing Agent : Beta International Securities Limited

The Placing Agent is a licensed corporation to carry out business in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO.

Placing commission : subject to completion of the Placing taking place, the Company shall pay a placing commission of 3.0% of the actual gross proceeds from the subscription of the Unsubscribed Shares and the NQS Unsold Rights Shares under the Placing (the “**Placing Commission**”)

Placing Price : not less than HK\$0.2 per Unsubscribed Share and the NQS Unsold Rights Shares

Placing Period : a period commencing from the first (1st) Business Day immediately after the date of announcement of the number of Unsubscribed Shares and NQS Unsold Rights Shares (i.e. Thursday, 17 April 2025 under the current timetable) and ending on 5:00 p.m. on the fifth (5th) business after the date of announcement of the number of Unsubscribed Shares and NQS Unsold Rights Shares (both days inclusive)

Placees : The Unsubscribed Shares and NQS Unsold Rights Shares are expected to be placed to investors who (or as the case may be, their ultimate beneficial owner(s)) are not Shareholders and are otherwise Independent Third Parties and not acting in concert with the Placing Agent and its concert parties.

For the avoidance of doubt, no placee will become a substantial Shareholder.

- Ranking of the placed Unsubscribed Shares and NQS Unsold Rights Shares : The placed Unsubscribed Shares and NQS Unsold Rights Shares (when allotted, issued and fully-paid, if any) shall rank *pari passu* in all respects among themselves and with the existing Shares in issue as at the date of completion of the Rights Issue.
- Conditions of the Placing Agreement : The obligations of the Placing Agent under the Placing Agreement are conditional upon, among others, the following conditions being fulfilled:
- (i) the Rights Issue having become unconditional;
 - (ii) the Company's warranties contained in the Placing Agreement remaining true and accurate and not misleading in all material respects at all times prior to the date of completion of the Placing;
 - (iii) the Listing Committee granting the listing of, and permission to deal in, the Unsubscribed Shares and the NQS Unsold Rights Shares with or without conditions;
 - (iv) none of the Placees becoming a substantial shareholder of the Company as a result of the Placing;
 - (v) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained; and
 - (vi) the Placing Agreement not having been terminated in accordance with the provisions thereof.

None of the above conditions can be waived. In the event that the above conditions precedent have not been fulfilled on or before the Latest Time for Termination, all rights, obligations and liabilities of the parties under the Placing Agreement in relation to the Placing shall cease and determine and none of the parties shall have any claim against the other in respect of the Placing (save for any antecedent breaches and/or any rights or obligations which may accrue under the Placing Agreement prior to such termination).

Termination : Notwithstanding anything contained in the Placing Agreement, the Placing Agent may terminate the Placing Agreement without any liability to the Company, by notice in writing given to the Company at any time prior to the Latest Time for Termination upon the occurrence of the following events which, in the absolute opinion of the Placing Agent, has or may have a material adverse effect on the business or financial conditions or prospects of the Company or the Group taken as a whole or the success of the Placing or the full placement of all of the Unsubscribed Shares and the NQS Unsold Rights Shares or otherwise make it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement if there develops, occurs or comes into force:

- (a) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before on and/or after the date hereof) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industry, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent's absolute opinion would affect the success of the Placing; or
- (b) the imposition of any moratorium, suspension (for more than 7 trading days) or restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent's absolute opinion, would affect the success of the Placing; or
- (c) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agent's absolute opinion any such new law or change may affect the business or financial prospects of the Group and/or the success of the Placing; or

- (d) any litigation or claim being instigated against any member of the Group or its senior management, which has or may affect the business or financial position of the Group and which in the Placing Agent's absolute opinion would affect the success of the Placing; or
- (e) any breach of any of the representations and warranties given by the Company as set out in the Placing Agreement having come to the knowledge of the Placing Agent or any event having occurred or any matter having arisen on or after the date of the Placing Agreement and prior to the completion of the Rights Issue which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in a material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or
- (f) there is any material change (whether or not forming part of a series of changes) in market conditions which in the absolute opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

The terms of the Placing Agreement were determined after arm's length negotiation between the Placing Agent and the Company with reference to the prevailing market rate for rights issues in the market, the existing financial position of the Group, the size of the Rights Issue, and the current and expected market conditions. The Directors consider that the terms of the Placing Agreement are fair and reasonable and on normal commercial terms.

The Placing Agent confirms that it is an Independent Third Party. The Placing Agent will, on a best efforts basis during the Placing Period, seek to procure subscribers who (or as the case may be, their ultimate beneficial owner(s)) are not Shareholders and are otherwise Independent Third Parties for all (or as many as possible) of the Unsubscribed Shares and NQS Unsold Rights Shares.

If all or any of the Unsubscribed Shares and NQS Unsold Rights Shares are successfully placed, any Net Gain will be distributed to the relevant No Action Shareholders and Non-Qualifying Shareholders. Any NQS Unsold Rights Shares and/or Unsubscribed Shares that are not placed by the Placing Agent will not be issued by the Company. As at the date of this announcement, the Placing Agent has not identified any placee(s). In any case, any places shall be independent among themselves and should be independent of and not acting at the direction of or having any significant relationships with any connected person of the Company. As such, the Company considers that the Compensatory Arrangements will provide a compensatory mechanism for the No Action Shareholders, protect the interest of the Shareholders, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As the Company has put in place the above Compensatory Arrangements as required by Rule 7.26A(1)(b) of the Listing Rules, there will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 7.26A(1)(a) of the Listing Rules.

Subject to the fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. There are no applicable statutory requirements regarding minimum subscription levels in respect of the Rights Issue. In the event of an under-subscription of the Rights Issue, the size of the Rights Issue will be reduced accordingly.

Conditions of the Rights Issue

The Rights Issue is conditional upon the fulfilment of the following conditions:

- (a) the delivery to the Stock Exchange, and filing and registration with Companies Registry in Hong Kong of one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by a resolution of the Directors (and all other documents required to be attached thereto) not later than the Prospectus Posting Date and in compliance with the Listing Rules, the Companies (WUMP) Ordinance and the Companies Ordinance;
- (b) the posting of the Prospectus Documents to the Qualifying Shareholders by 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 on or before the Prospectus Posting Date;
- (c) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) listing of and permission to deal in all the Rights Shares, in both nil-paid and fully-paid forms and such listing not being withdrawn or revoked;
- (d) the Independent Shareholders having approved at the EGM of the Rights Issue and the Placing Agreement no later than the Prospectus Posting Date; and
- (e) the Placing Agreement not having been terminated in accordance with the provisions thereof, and remaining in full force and effect.

None of the above conditions can be waived. The Company shall use its reasonable endeavours to procure the fulfilment of the conditions above (to the extent it is within its power to do so) and shall do all the things required to be done by it pursuant to the Prospectus Documents or otherwise reasonably necessary to give effect to the Rights Issue. If any of the conditions referred to above are not fulfilled at or before the Latest Time for Termination, the Rights Issue will not proceed.

As the proposed Rights Issue is subject to the fulfilment of the above conditions, it may or may not proceed. Shareholders and public investors are advised to exercise caution in dealing in the securities of the Company.

REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS

The Group is principally engaged in the provision of (i) foundation construction works; (ii) ground investigation services; (iii) financial services; (iv) trading of consumer products; and (v) e-commerce sales, live streaming and promotion business in the social media.

Revenue from the foundation works contributed approximately 76.1% to the total revenue of the Group for the year ended 31 March 2024. Since the listing of the Shares on the Stock Exchange in 2015, the Group has faced challenging operational conditions due to the sluggish growth of foundation industry in Hong Kong. According to the statistics of Census and Statistics Department, the gross value of piling and related foundation works in nominal terms performed by main contractors in Hong Kong decreased by approximately 22.3% from approximately HK\$18.6 billion in 2015 to approximately HK\$14.5 billion in 2022. Although the gross value of piling and related foundation works rebounded to approximately HK\$21.0 billion in 2023, as disclosed in the annual report of the Company for the year ended 31 March 2024, the Group's revenue from undertaking foundation construction works decreased by approximately 14.0% from approximately HK\$255.3 million for the year ended 31 March 2023 to approximately HK\$219.6 million for the year ended 31 March 2024, primarily due to the decrease in the number of sizable projects tendered by the Group. For the six months ended 30 September 2024, while the Group recorded increase in revenue generated from foundation construction works by approximately 3.7% as compared to the six months ended 30 September 2023 as there were increase in number of sizeable foundation construction projects tendered by the Group during the period, the Group has been loss making as a result of the increase in selling expenses and general and administrative expenses and the provision of impairment losses on financial and contract assets for the six months ended 30 September 2024 while a reversal of impairment losses on financial and contract assets was recorded in the corresponding period in 2023.

In view of the sluggish growth of foundation industry in Hong Kong, the Company has on one hand remained conservative on its existing construction business and on the other hand seeking opportunities to broaden the income stream of the Group. Based on the business operations of the Group, the Directors estimate that the Group generally requires around HK\$62 million for funding the one-year operation costs of the construction segment of the Group, which includes, among others, staff costs of approximately HK\$48.0 million, office and warehouse rental of approximately HK\$2.1 million, motor vehicle expenses of approximately HK\$3.0 million, and plant repairs and maintenance of approximately HK\$1.8 million. In addition, the Directors estimate that the Group generally require around HK\$28.4 million for the administrative expenses and general working capital of the headquarter per year, which includes, among others, Directors' fee, remuneration and staff salaries of approximately HK\$19.4 million, rentals for three offices of approximately HK\$3.7 million, legal and professional fees of approximately HK\$3.9 million. Although the Group had cash and cash equivalents of approximately HK\$119.2 million as at 30 November 2024, among which (i) approximately HK\$20.7 million were the proceeds from the placing exercise of the Company in 2016 which were reserved for possible acquisition of equity interests in target company(-ies) engaged in the food and beverage and/or the construction sectors by 31 March 2025, which the Group is still in the progress of seeking appropriate targets and the Group has not yet identified any as at the date of this announcement; and (ii) the Group had repaid HK\$20.0 million to a director of a subsidiary in December 2024. As such, the Group only had remaining cash and cash equivalents of approximately HK\$78.5 million.

As such, given the capital intensive nature of the construction business and the working capital requirement, the remaining cash and cash equivalents of approximately HK\$78.5 million is only sufficient for the operating expenses for the headquarter and the operating expenses for the construction segment for approximately 10 months. In 2024, both of the commercial and residential property market had been weak. According to Jones Lang LaSalle Inc. (<https://www.jll.com.hk/en/newsroom/jll-hong-kong-real-estate-market-faces-continued-challenges-in-2025>), the rental of Hong Kong Grade A Office decreased by 8.6% and the capital value of mass residential market decreased by 6.4% in 2024, and expected to continue to decrease in 2025. Due to the weak commercial and residential property market, property developers are reluctant to acquire land. With reference to the 2024-25 budget of the Hong Kong government, the government's revenue from land in its 2023-2024 fiscal year was only approximately HK\$19.6 billion, which was the lowest since the global financial crisis in 2008-2009 and substantially lower than the premium of approximately HK\$69.9 billion in 2022-2023 fiscal year and approximately HK\$143.0 billion in 2021-2022 fiscal year. With the decrease in land acquired and to be developed by property developers, the construction industry in Hong Kong is considered to be gloomy in the near future. As such, the Directors consider that although the Group recorded increase in revenue from the construction business for the six months ended 30 September 2024, the revenue growth may not be sustainable and it is reasonable and conservative to preserve additional liquid funds for working capital of the Group and to allow the Group to timely grasp business opportunities when the construction industry recovers.

Further, as at 30 September 2024, the gearing ratio of the Group (defined as total interest-bearing liabilities divided by the Group's total equity) was approximately 210.0%. The Group had an aggregate amount of approximately HK\$182.7 million as at 30 September 2024 due to a related company and directors of subsidiaries which are unsecured, bearing interest at 4.5% to 6.5% per annum and repayable on demand. In December 2024, the Group repaid HK\$20.0 million to a director of a subsidiary. As at the date of this announcement, save for the aforementioned HK\$20.0 million, the lenders did not request for further repayment of the borrowings. Nevertheless, given the significant amount of the borrowings and that they are repayable on demand, the Directors consider the Group shall reserve sufficient financial resources in case of the lenders request for repayment. On the other hand, in view of the significant interest expenses as a result of the borrowings, the Directors consider that it may not be desirable to further increase borrowings to finance the operations of the Group.

The gross proceeds from the Rights Issue are expected to be approximately HK\$23.0 million. The net proceeds from the Rights Issue after deducting related expenses are estimated to be approximately HK\$21.4 million. The Company intends to apply the net proceeds from the Rights Issue as general working capital of the Group, particularly for the funding of the construction segment of the Group and the general working capital of the headquarter, such that the Group shall preserve liquid funds that is sufficient for at least 12 months of working capital of the Group.

Fundraising alternatives

The Board has considered various fundraising alternatives before resolving to the Rights Issue, including debt financing and equity financing alternatives such as open offer and placing of new shares.

Taking in to account the Group's high gearing ratio and years of losses, the Directors consider debt financing would result in additional interest burden and further adversely affect the Group's profitability. With respect to equity financing alternatives, the Board considers that placing of new Shares would be a sub-optimal fundraising means as it will lead to an immediate dilution in shareholding interest of the existing Shareholders without offering them opportunities to participate in the enlargement of the capital base of the Company. As for open offer, similar to a rights issue, it also offers qualifying shareholders to participate, but it does not allow the trading of rights entitlements in the open market.

The Directors (other than the members of the Independent Board Committee whose view will be set out in the circular after reviewing and considering the advice from the Independent Financial Adviser) are of the view that the Rights Issue provides better financial flexibility for the Company as it will strengthen the capital base of the Company, thus enhancing the overall working capital to fulfill the development plan of the Group without further increase the interest burden to the Group. The Rights Issue also offers all Qualifying Shareholders the opportunity to maintain their pro rata shareholding interests in the Company and avoid shareholding dilution for those Shareholders who take up their entitlement under the Rights Issue in full.

Having considered the above, the Directors (other than the members of the Independent Board Committee whose view will be set out in the circular after reviewing and considering the advice from the Independent Financial Adviser) consider that the terms of the Rights Issue are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there is no further issue or repurchase of Shares from the date of this announcement up to and including the date of completion of the Rights Issue, the table below sets out the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Rights Issue, assuming full acceptance by all Shareholders; (iii) immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders have taken up any entitlements of the Rights Shares and all the Unsubscribed Shares and NQS Unsold Rights Shares are placed to the independent places:

	As at the date of this announcement		Immediately after completion of the Rights Issue, assuming full acceptance by all Shareholders		Immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders have taken up any entitlements of the Rights Shares and all the Unsubscribed Shares and NQS Unsold Rights Shares are placed to the independent places	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Su Guifang	11,592,000	10.06	23,184,000	10.06	11,592,000	5.03
Existing public Shareholders	103,608,000	89.94	207,216,000	89.94	103,608,000	44.97
Independent places	—	—	—	—	115,200,000	50.00
Total	115,200,000	100.00	230,400,000	100.00	230,400,000	100.00

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 EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

On 16 April 2024, the Group allotted and issued 19,200,000 Shares to not less than six places at the placing price of HK\$1.00 per Share. The net proceeds from the placing were approximately HK\$18.7 million, for the administration and operation expenses of the headquarters of the Group in Hong Kong. The Group has utilised approximately HK\$15.1 million as intended for the administration and operation expenses of the headquarters of the Group in Hong Kong. The unutilised amount of proceeds was approximately HK\$3.6 million as at 30 September 2024 and the remaining proceeds are expected to be used as intended by 31 March 2025.

Saved as disclosed above, the Company did not conduct any equity fund raising activities during the 12 months immediately preceding the date of this announcement.

EXPECTED TIMETABLE

Set out below is the expected timetable for the implementation of the Rights Issue. The expected timetable is subject to the results of the EGM and satisfaction of the conditions to the Rights Issue and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this announcement refer to the Hong Kong local times and dates.

Events**Hong Kong Date and Time
2025**

Expected despatch date of the circular, proxy form and notice of the EGM	Tuesday, 18 February
Latest time for lodging transfer documents of the Shares in order to be qualified for attendance and voting at the EGM	4:30 p.m. on Thursday, 6 March
Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the EGM (both days inclusive)	Friday, 7 March to Thursday, 13 March
Latest time for lodging proxy forms for the EGM (not less than 48 hours prior to the time of the EGM)	2:30 p.m. on Tuesday, 11 March
Record date for determining attendance and voting at the EGM	Thursday, 13 March
Expected date and time of EGM to approve the Rights Issue	2:30 p.m. on Thursday, 13 March
Announcement of the poll result of the EGM	Thursday, 13 March
Register of members of the Company re-opens	Friday, 14 March
Last day of dealings in the Shares on a cum-rights basis relating to the Rights Issue	Friday, 14 March
First day of dealings in the Shares on an ex-rights basis relating to the Rights Issue	Monday, 17 March
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 Tuesday, 18 March

Events

Hong Kong Date and Time
2025

Closure of register of members to determine the eligibility of the Rights Issue (both dates inclusive)	Wednesday, 19 March to Tuesday, 25 March
Record date for the Rights Issue	Tuesday, 25 March
Register of members of the Company re-opens	Wednesday, 26 March
Despatch of the Prospectus Documents (including the PAL and Prospectus) (in case of the Excluded Shareholders, the Prospectus only)	Wednesday, 26 March
First day of dealings in nil-paid Rights Share	Friday, 28 March
Latest time for splitting the PAL	4:30 p.m. on Tuesday, 1 April
Last day of dealings in nil-paid Rights Shares	Monday, 7 April
Latest time for lodging the transfer documents of nil-paid Rights Shares in order to qualify for the Compensatory Arrangement	4:00 p.m. on Thursday, 10 April
Latest time for acceptance of and payment for the Rights Shares	4:00 p.m. on Thursday, 10 April
Announcement of the number of the Unsubscribed Shares and NQS Unsold Rights Shares subject to the Compensatory Arrangements	Thursday, 17 April
Commencement of placing of the Unsubscribed Shares and NQS Unsold Rights Shares by the Placing Agent, on best effort basis	Tuesday, 22 April
Latest time for placing the Unsubscribed Shares and NQS Unsold Rights Shares	4:00 p.m. on Monday, 28 April

Latest Time for the termination of the Placing Agreement 5:00 p.m. on
Tuesday, 29 April

Announcement of results of the Rights Issue
(including results of the Placing and
the Net Gain per Unsubscribed Share and
NQS Unsold Rights Share under the Compensatory Arrangements) Thursday, 8 May

Despatch of share certificates for fully-paid Rights Shares
and refund cheques (if the Rights Issue is terminated) Friday, 9 May

Commencement of dealings in fully-paid Rights Shares Monday, 12 May

Payment of Net Gain to relevant No Action Shareholders
(if any) or Excluded Shareholders (if any) Friday, 16 May

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

The Latest Time for Acceptance of and payment for the Rights Shares will not take place if:

- (i) tropical cyclone warning signal No. 8 (or above);
- (ii) “extreme conditions” caused by super typhoons as announced by the Government of the Hong Kong Special Administrative Region; or
- (iii) a “black” rainstorm warning
 - (a) 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
 - (b) 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 “Expected Timetable” above may be affected. Announcement will be made by the Company in such event. The Company will notify the Shareholders by way of announcement(s) on any change to the excepted timetable as soon as practicable.

LISTING RULES IMPLICATIONS

In accordance with Rule 7.19A(1) of the Listing Rules, as the Rights Issue will increase the issued Shares by more than 50%, the Rights Issue is subject to the approval of the Shareholders at the EGM by way of poll. Pursuant to Rule 7.27A of the Listing Rules, the Rights Issue must be made conditional on approval by the 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 Rights Issue.

As the date of this announcement, no Shareholder shall abstain from voting in favour of the resolution(s) to approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder at the EGM.

The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

GENERAL

The EGM will be convened and held to consider, and if thought fit, to approve, among other things, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder.

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Jiang Senlin, Mr. Zhang Yi and Ms. Dan Xi, has been established to advise the Independent Shareholders in respect of the Rights Issue, the Placing Agreement and the transaction contemplated thereunder. The Company will appoint an Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further details of the Rights Issue and the Placing Agreement; (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 18 February 2025.

Subject to the fulfilment of certain conditions of the Rights Issue including the approval of the Shareholders at the EGM, the Company will despatch the Prospectus Documents containing, among other matters, details of the Rights Issue, to the Qualifying Shareholders on the Prospectus Posting Date. Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company may despatch the Prospectus to the Excluded Shareholders for their information only but the Company will not send the PAL to the Excluded Shareholders.

WARNING OF THE RISK OF DEALINGS IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

The Rights Issue is conditional upon fulfilment of the conditions set out in the paragraph headed “Conditions of the Rights Issue” under the section headed “Proposed Rights Issue” of this announcement, including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Accordingly, the Rights Issue may or may not proceed.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares.

Any Shareholders or potential investors contemplating selling or purchasing the Shares and/or the nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled will bear the risk that the Rights Issue may not become unconditional and may not proceed.

Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company. 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

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

“associate(s)”	has the same meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday, public holiday and any day on which “extreme conditions” caused by super typhoons is announced by the Government of Hong Kong or a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended from time to time

“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended from time to time
“Companies Registry”	Companies Registry of Hong Kong
“Company”	Wan Kei Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1718)
“Compensatory Arrangements”	arrangements to place the Unsubscribed Shares and NQS Unsold Rights Share by the Placing Agent on a best effort basis to investors who (or as the case maybe, their ultimate beneficial owner(s)) are not Shareholders and are otherwise Independent Third Parties pursuant to Rule 7.26A(1)(b) of the Listing Rules
“connected person”	has the meaning as ascribed thereto under the Listing Rules
“controlling shareholder(s)”	has the same meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held at which resolutions will be proposed to consider, and, if thought fit, to approve, among other things, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder
“Excluded Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Issue to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“General Rules of HKSCC”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	the Hong Kong Securities Clearing Company Limited

“HKSCC Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent board committee of the Company comprising all the independent non-executive Directors to advise the Independent Shareholders in respect of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder
“Independent Financial Adviser”	the independent financial adviser to be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, the Placing Agreement and the transactions contemplated thereunder
“Independent Shareholder(s)”	Shareholders those who are involved or have interests in the Rights Issue, the Placing Agreement and required under the Listing Rules to abstain from voting at the EGM
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons within the meaning of the Listing Rules
“Last Trading Day”	17 January 2025, 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 Thursday, 10 April 2025 (or such other time and date as may be determined by the Company), being the latest time for acceptance of and payment for the Rights Shares
“Latest Time for Termination”	5:00 p.m. on Tuesday, 29 April 2025 or such later time or date as may be agreed between the Placing Agent and the Company, being the latest time to terminate the Placing Agreement
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“No Action Shareholder(s)”	those Qualifying Shareholder(s) who do not subscribe for the Rights Issue (whether partially or fully) (under the PAL or their renounces or such person who hold any nil-paid rights at the time such nil-paid rights are lapsed) or Excluded Shareholders (as the case may be)
“NQS Unsold Rights Shares”	the Rights Share(s) which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form that have not been sold by the Company
“Overseas Shareholder(s)”	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 renounceable provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Placing”	arrangements to place the Unsubscribed Shares and NQS Unsold Rights Shares by the Placing Agent on a best effort basis pursuant to the Placing Agreement
“Placing Agent”	Beta International Securities Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities, which will place the Unsubscribed Shares and NQS Unsold Rights Shares to investors who are Independent Third Parties under the Compensatory Arrangements
“Placing Agreement”	the placing agreement dated 17 January 2025 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Period”	the period from Tuesday, 22 April 2025 up to 4:00 p.m. on Monday, 28 April 2025, or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Compensatory Arrangements
“Placing Price”	not less than HK\$0.2 per Unsubscribed Share
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Prospectus”	the prospectus to be despatched to the Shareholders containing details of the Rights Issue

“Prospectus Documents”	the Prospectus and the PAL(s)
“Prospectus Posting Date”	Wednesday, 26 March 2025 (or such other date as may be determined by the Company), being the date of despatch of the Prospectus Documents to the Qualifying Shareholders and the Prospectus for information only to the Excluded Shareholders
“Qualifying Shareholder(s)”	Shareholder(s), other than the Excluded Shareholders, whose name(s) appear(s) on the register of members of the Company on the Record Date
“Record Date”	Tuesday, 25 March 2025, the record date for the determination of the entitlements under the Rights Issue
“Registrar”	Tricor Investor Service Limited, the address of which is at 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong, the branch share registrar and transfer office of the Company in Hong Kong
“Rights Issue”	the proposed issue by way of rights of one (1) Rights Share for every one (1) Share in issue and held on the Record Date at the Subscription Price on the terms and subject to the conditions to be set out in the paragraph headed “Conditions of the Rights Issue” in this announcement
“Rights Share(s)”	the new Share(s) to be allotted and issued under the Rights Issue, being 115,200,000 Shares (assuming no other change in the number of issued Shares from the date of this announcement up to and including the Record Date)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.2 per Rights Share
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	The Code on Takeovers and Mergers of Hong Kong

“Unsubscribed Shares” those Rights Shares that are not subscribed by the Qualifying Shareholders and Rights Shares which would otherwise have been allotted to the Excluded Shareholders (as the case may be)

“%” per cent

For and on behalf of the Board
Wan Kei Group Holdings Limited
Xu Lin
Chairman

Hong Kong, 17 January 2025

As at the date of this announcement, the executive Directors are Mr. Bai Huawei and Mr. Wang Yu; the non-executive Directors are Mr. Lui Kwok Wai and Mr. Xu Lin; and the independent non-executive Directors are Mr. Jiang Senlin, Mr. Zhang Yi and Ms. Dan Xi.