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GBA HOLDINGS LIMITED

GBA集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00261)

**PROPOSED RIGHTS ISSUE ON THE BASIS OF
FOUR (4) RIGHTS SHARES FOR EVERY FIVE (5) EXISTING SHARES
HELD ON THE RECORD DATE
ON A BEST EFFORT AND NON-FULLY UNDERWRITTEN BASIS**

Underwriter and Placing Agent of the Rights Issue



PROPOSED RIGHTS ISSUE

The Company proposes to implement the Rights Issue on the basis of four (4) Rights Shares for every five (5) existing Shares held on the Record Date at the Subscription Price of HK\$0.03 per Rights Share, to raise gross proceeds of up to approximately HK\$52.9 million by way of issuing up to 1,764,922,560 Rights Shares (assuming there is no change in the number of Shares in issue from the date of this announcement up to the Record Date) to the Qualifying Shareholders. The Rights Issue will not be extended to the Non-Qualifying Shareholders.

The estimated net proceeds of the Rights Issue (after deducting the related expenses for the Rights Issue) will be approximately HK\$47.9 million (assuming no change in the issued share capital of the Company on or before the Record Date, and all Qualifying Shareholders taking up their respective entitlement under the Rights Issue in full). The net price per Rights Share (after deducting the cost and expenses of the Rights Issue) is estimated to be approximately HK\$0.027.

The Company intends to apply the net proceeds from the Rights Issue for (1) general working capital of the Group; (2) investing in the catering and related business and settling the Transaction Consideration; (3) investing in the Live Streaming Business; and (4) expansion of the finance business of the Group.

The Rights Shares (when allotted, issued and fully paid) will rank pari passu with the then Shares in issue in all respects. Holders of fully paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid after the date of allotment and issue of the Rights Shares. In order to be registered as members of the Company on the Record Date, all transfers of the Shares (together with the relevant share certificate(s) and/or instrument(s) of transfer) must be lodged with the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by no later than the Latest Lodging Time.

The last day of dealing in the Shares on a cum-rights basis is Friday, 14 July 2023. The Shares will be dealt with on an ex-rights basis from Monday, 17 July 2023.

THE IRREVOCABLE UNDERTAKING

Top Pioneer Undertaking

As at the date of this announcement, Top Pioneer, a substantial Shareholder, is beneficially interested in 263,410,200 Shares, representing approximately 11.94% of the issued share capital of the Company. On 7 June 2023, Top Pioneer has given an irrevocable undertaking in favour of the Company that:

- (i) it will subscribe for 210,728,160 Rights Shares which comprise the full acceptance of its provisional entitlement in respect of the 263,410,200 Shares wholly and beneficially held by it;
- (ii) it will not dispose of any of the 263,410,200 Shares comprising the current shareholding in the Company owned by Top Pioneer, and such Shares will remain wholly and beneficially owned by it up to and including the Record Date;
- (iii) it will lodge or procure its acceptance of the 210,728,160 Rights Shares, which will be the number of Rights Shares provisionally allotted to it nil-paid under the Rights Issues, with the Registrar, with payment in full therefor, by no later than the Latest Time for Acceptance or otherwise in accordance with the instructions set out in the Prospectus Documents; and
- (iv) take appropriate steps, including, the disposal of such number of Shares necessary to ensure that sufficient public float exists in the shares of the Company in compliance with the Listing Rules upon completion of the Rights Issue.

Save for the Top Pioneer Undertaking, as at the date of this announcement, the Board has not received any information or irrevocable undertaking from any other Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them.

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, by offering the Unsubscribed Rights Shares to independent placees who are not Shareholders for the benefit of the relevant No Action Shareholders to whom they were offered under the Rights Issue.

On 7 June 2023 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has agreed to procure independent placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares. The placing price of the Unsubscribed Rights Shares shall be at least equal to the Subscription Price. The final price determination will be determined based on the demand for and market conditions of the Unsubscribed Rights Shares at the time of placement.

THE UNDERWRITING AGREEMENT

On 7 June 2023 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter in respect of the Rights Issue, pursuant to which the Underwriter has agreed to underwrite, on a best effort and non-fully underwritten basis, the Untaken Rights Shares, being all the Unsubscribed Rights Shares that are not placed by the Placing Agent or they have been placed but the placees have not paid therefor at 4:00 p.m. on the Placing Completion Date, pursuant to the terms and subject to the conditions set out in the Underwriting Agreement. 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 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 issued and allotted pursuant to the Rights Issue.

The Rights Issue is only underwritten on a best effort basis and is not fully underwritten. Pursuant to the Company's constitutional documents and the Companies Act, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfilment or satisfaction of the conditions precedent of the Rights Issue, the Rights Issue shall proceed regardless of the conditions of its level of acceptances, and up to 210,728,160 Rights Shares are committed to be subscribed pursuant to the Top Pioneer Undertaking subject, however, to any Scaling-down vis-à-vis the GO Obligation or the Public Float Requirement.

In the event of under-subscription, any Rights Shares not taken up by the Qualifying Shareholders under PAL(s) or transferees of nil-paid Rights Shares, and not subscribed by subscribers procured by the Underwriter will not be issued, and hence, the size of the Rights Issue will be reduced accordingly. Investors are advised to exercise caution when dealing in the Shares.

LISTING RULES IMPLICATIONS

The Rights Issue, if proceeded with, will increase the issued share capital of the Company by more than 50%. Thus, in accordance with Rules 7.19A and 7.27A of the Listing Rules, the Rights Issue must be made conditional on approval by the Independent Shareholders (comprising both the Qualifying Shareholders and the Non-Qualifying Shareholders) by way of poll at the SGM by a resolution on which any controlling shareholders of the Company and their respective associates or, where there are no controlling shareholders, 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, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder. Since the Company has no controlling shareholder as at the date of this announcement (and assuming there is no change up to the date of the SGM), Mr. Ong and Mr. Yuk Kai Yao, and their respective associates shall abstain from voting in favour of the proposed resolution approving the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder at the SGM.

Mr. Ong, the chairman of the Board and executive Director, is beneficially interested in the entire issued shares of Top Pioneer and hence, is deemed to be interested in the Shares owned by Top Pioneer by virtue of the SFO. As a result, he has therefore abstained from voting at the meeting of the Board convened to consider such matters, while Top Pioneer as an associate of Mr. Ong shall also abstain from voting in favour of the proposed resolution at the SGM.

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

An Independent Board Committee, comprising all independent non-executive Directors, namely Ms. Wu Wai Shan, Mr. Lau Yik Lok and Mr. Leung Gar-gene, Vincent, has been established to advise the Independent Shareholders as to (i) whether the terms of the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) how to vote on the resolution(s) relating to the Rights Issue, the Placing Agreement and the Underwriting Agreement after taking into account the recommendations of the Independent Financial Adviser.

An Independent Financial Adviser will be appointed (with the approval of the Independent Board Committee) to advise the Independent Board Committee and the Independent Shareholders in these regards.

The SGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder. Top Pioneer and any Shareholders who are involved in or interested in the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder shall abstain from voting on the resolutions to approve the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder at the SGM.

A circular including, among other things, details of (i) the Rights Issue, the Placing Agreement and the Underwriting Agreement; (ii) the recommendation of the Independent Board Committee in relation to the Rights Issue, the Placing Agreement and the Underwriting Agreement; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue, the Placing Agreement and the Underwriting Agreement; (iv) a notice convening the SGM; and (v) other disclosure requirements under the Listing Rules is expected to be despatched to the Shareholders on or before 23 June 2023.

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 proposed Rights Issue, to the Qualifying Shareholders on the Prospectus Posting Date. The Company will despatch the Prospectus to the Non-Qualifying Shareholders for their information only, but the Company will not send the PALs to the Non-Qualifying Shareholders.

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

Shareholders and potential investors of the Company should note that the proposed 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. Accordingly, the proposed Rights Issue may or may not proceed.

Shareholders and potential investors of the Company should exercise caution when dealing in the Shares and/or the nil-paid Rights Shares, and if they are in any doubt about their position, they should consult their own professional advisers.

PROPOSED RIGHTS ISSUE

The Company proposes to implement the Rights Issue on the basis of four (4) Rights Shares for every five (5) existing Shares held on the Record Date at the Subscription Price of HK\$0.03 per Rights Share, to raise gross proceeds of up to approximately HK\$52.9 million by way of issuing up to 1,764,922,560 Rights Shares (assuming there is no change in the number of Shares in issue from the date of this announcement up to the Record Date) to the Qualifying Shareholders. The Rights Issue will not be extended to the Non-Qualifying Shareholders.

The details of the Rights Issues proposed to take place are summarised as follows:

Basis of the Rights Issue	:	Four (4) Rights Shares for every five (5) existing Shares held on the Record Date
Subscription Price:	:	HK\$0.03 per Rights Share
Number of Shares in issue as at the date of this announcement	:	2,206,153,200 Shares
Number of Rights Shares to be issued pursuant to the Rights Issue	:	Up to 1,764,922,560 Rights Shares (assuming there is no change in the number of Shares in issue from the date of this announcement up to the Record Date)
Aggregate nominal value of the Rights Shares	:	Up to HK\$17,649,225.6 (assuming there is no change in the number of Shares in issue from the date of this announcement up to the Record Date)

Total number of Shares in issue as enlarged by the allotment and issue of the Rights Shares	: Up to 3,971,075,760 Shares (assuming there is no change in the number of Shares in issue from the date of this announcement up to 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)
Gross proceeds from the Rights Issue	: Up to approximately HK\$52.9 million before deduction of the costs and expenses which the Company will incur in the Rights Issue (assuming no change in the issued share capital of the Company on or before the Record Date, and all Qualifying Shareholders taking up their respective entitlement under the Rights Issue in full)
Net proceeds from the Rights Issue	: Approximately HK\$47.9 million

As at the date of this announcement, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into the Shares. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

Assuming there is no change in the number of issued Shares on or before the Record Date and that no new Shares (other than the Rights Issue) will be allotted and issued on or before completion of the Rights Issue, the 1,764,922,560 Rights Shares to be issued pursuant to the terms of the proposed Rights Issue represents (i) 80% of the total number of issued Shares as at the date of this announcement; and (ii) approximately 44.44% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

Subscription Price

The Subscription Price is HK\$0.03 per Rights Share, payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of Rights Shares or, where applicable, when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price of HK\$0.03 per Rights Share represents:

- (i) a discount of approximately 25.0% to the closing price of HK\$0.04 per Share as quoted on the Stock Exchange on the Last Trading Day;

- (ii) a discount of approximately 22.28% to the average of the closing prices per Share as quoted on the Stock Exchange for the five (5) previous consecutive trading days up to and including the Last Trading Day of HK\$0.0386 per Share;
- (iii) a discount of approximately 21.26% to the average of the closing prices per Share as quoted on the Stock Exchange for the ten (10) previous consecutive trading days up to and including the Last Trading Day of HK\$0.0381 per Share;
- (iv) a discount of approximately 16.67% to the theoretical ex-right price of approximately HK\$0.036 per Share based on the closing price of HK\$0.04 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a discount of approximately 90.25% to the net asset value of the Company of approximately HK\$0.3078 per Share calculated based on the audited consolidated net asset value of the Company of approximately HK\$679 million as at 31 December 2022 and 2,206,153,200 Shares in issue; and
- (vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 11.11% to the existing Shareholders if they elect not to participate in the Rights Issue, which is calculated based on the theoretical ex-rights price of approximately HK\$0.036 per Share and the benchmarked price of HK\$0.04 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price of the Last Trading Day of HK\$0.04 per Share and the average closing prices per Share as quoted on the Stock Exchange in the five (5) trading days immediately prior to the Last Trading Day of HK\$0.0386 per Share).

The net Subscription Price per Rights Share (after deducting the relevant expenses) upon full acceptance of the provisional allotment of Rights Issue will be approximately HK\$0.027 per Rights Share (assuming no change in the number of Shares in issue on or before the Record Date).

The Subscription Price and the subscription ratio was determined by the Company with reference to, among other things, (i) the recent market prices of the Shares under the prevailing market conditions; (ii) the prevailing market conditions; and (iii) the financial condition and funding needs of the Group and the fund-raising size intended by the Company. After taking into account the terms of the Rights Issue and the reasons for the Rights Issue as disclosed in the section headed “Reasons for and benefits of the Rights Issue and intended use of proceeds” in this announcement, the Directors (other than (i) Mr. Ong who has a material interest in the Top Pioneer Undertaking; and (ii) the members of the Independent Board Committee whose opinion will be set forth in the circular after considering the advice from the Independent Financial Adviser) consider that, despite any potential dilution impact of the Rights Issue on the shareholding interests of the Shareholders, since (i) all Qualifying Shareholders will be offered the same opportunity

to maintain their proportional interests in the Company; and (ii) the Subscription Price represents a discount of approximately 25.0% and 30.23% to the closing price of the Shares on the Last Trading Day and the average of the closing prices of the Shares for the last three months up to and including the Last Trading Day, respectively, and such discounts would encourage the Qualifying Shareholders to subscribe for their assured entitlements under the Rights Issue, the terms of the Rights Issue (including the Subscription Price) are 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, issued and fully paid) will rank pari passu with the then issued Shares in all respects. Holders of fully paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid after the date of allotment and issue of the Rights Shares.

The Rights Issue is only underwritten on a best effort basis and is not fully underwritten. Pursuant to the Company's constitutional documents and the Companies Act, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfilment or satisfaction of the conditions precedent of the Rights Issue, the Rights Issue shall proceed regardless of the conditions of its level of acceptances, and up to 210,728,160 Rights Shares are committed to be subscribed pursuant to the Top Pioneer Undertaking subject, however, to any Scaling-down vis-à-vis the GO Obligation or the Public Float Requirement.

In the event of under-subscription, any Rights Shares not taken up by the Qualifying Shareholders under PAL(s) or transferees of nil-paid Rights Shares, and not subscribed by subscribers procured by the Underwriter will not be issued, and hence, the size of the Rights Issue will be reduced accordingly. Investors are advised to exercise caution when dealing in the Shares.

Qualifying Shareholders

The Rights Issue is available to the Qualifying Shareholders only. 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.

Shareholders whose Shares are held by a nominee (or which are deposited in CCASS) should note that the Board will consider the said 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, all transfers of the Shares (together with the relevant share certificate(s) and/or instrument(s) of transfer) must be lodged with the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by no later than the Latest Lodging Time. The last day of dealing in the Shares on a cum-rights basis is Friday, 14 July 2023. The Shares will be dealt with on an ex-rights basis from Monday, 17 July 2023.

The Company will despatch the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date.

Application for all or any part of a Qualifying Shareholder's entitlement to the Rights Shares should be made by completing the PAL and lodging the same with a cheque drawn on an account with, or a bank cashier's order issued by, a licensed bank in Hong Kong for the Rights Shares being applied for with the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong on or before the Latest Time for Acceptance.

The Qualifying Shareholders who take up their pro-rata entitlements in full will not experience 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.**

Non-Qualifying Shareholders

The Prospectus Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. As at 31 May 2023, there were a total of 16 Overseas Shareholders with addresses in the United Kingdom, the Republic of Singapore, the PRC and Macau.

The Board will make enquiries regarding the legal restrictions under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges pursuant to Rule 13.36(2)(a) of the Listing Rules. If, after making such enquiries and based on legal opinions provided by the legal advisers to the Company, 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 the relevant jurisdictions or the requirements of the relevant regulatory bodies or stock exchanges in the relevant places, no offer of the Rights Shares will be made to such Overseas Shareholders. Accordingly, the Rights Issue will not be extended to such Overseas Shareholders. The basis for excluding the Non-Qualifying Shareholders, if any, from the Rights Issue will be set out in the Prospectus.

The Company will, subject to the advice of the Company's legal advisers in the relevant jurisdictions where the Non-Qualifying Shareholders are located and to the extent reasonably practicable, send copies of the Overseas Letter and the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send the PALs to them. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained above.

The Non-Qualifying Shareholders (which are excluded from the Rights Issue) would not have any entitlement under the Rights Issue. Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in their nil-paid form will form part of the Unsubscribed Rights Shares and if possible, be sold in the market as soon as practicable after dealings in the nil-paid Rights Shares commence, and in any event before the last day for dealings in nil-paid Rights Shares, if a premium (net of expenses) can be obtained. Proceeds from each sale, less expenses and stamp duty, of not less than HK\$100 will be paid pro-rata (rounded down to the nearest cent) to the relevant Non-Qualifying Shareholder(s) in Hong Kong dollars. The Company will retain individual amounts of less than HK\$100 for its own benefit to cover the administrative costs that it would have incurred. Any unsold entitlements of Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders will be offered for subscription by the Placing Agent to the independent placees under the Placing and, if not successfully placed out, will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

For the nil-paid Rights Shares that were sold in the market by the Company and the buyer of such nil-paid Rights Shares who will not take up the entitlement, such Unsubscribed Rights Shares will be subject to the Compensatory Arrangements under the Placing Agreement.

For details of the Compensatory Arrangements, please refer to the section headed "The Compensatory Arrangements and the Placing Agreement" in this announcement.

The Company reserves the right to treat as invalid any acceptance of or applications for 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, Non-Qualifying Shareholders should exercise caution when dealing in the Shares.**

Closure of register of members

The register of members of the Company will be closed from Wednesday, 19 July 2023 to Tuesday, 25 July 2023 (both days inclusive) for determining the entitlements to the Rights Issue. No transfer of the Shares will be registered during the above book closure period.

Basis of provisional allotment

The basis of the provisional allotments shall be four (4) Rights Shares for every five (5) existing Shares held by the Qualifying Shareholders as at the close of business on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Fractional entitlement to the Rights Shares

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

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 Monday, 21 August 2023 to those entitled thereto by ordinary post, at their own risk, to their registered addresses. Each allottee will receive one share certificate for all allotted Rights Shares.

If the Rights Issue does not become unconditional or is terminated, refund cheques will be despatched on or before Monday, 21 August 2023 by ordinary post, at the respective Shareholders' own risk, to their registered addresses.

Scale-down mechanisms

Pursuant to the Underwriting Agreement, as the Rights Issue is only underwritten by the Underwriter on a best-effort basis and non-fully underwritten basis, and so as to avoid the unwitting triggering of the GO Obligation and/or any non-compliance with the Public Float Requirement, all applications for Rights Shares whether under the PAL(s) or by transferees of nil-paid Rights Shares, or by subscribers procured by the Underwriter will be made on the basis that the applications are to be scaled-down by the Company to a level which (i) does not trigger any GO Obligation on the part of the applicant or parties acting in concert with him/her/it; and/or (ii) does not result in the non-compliance of the Public Float Requirement on the part of the Company. Any subscription monies of the Scale-down PAL Shares will be refunded to the applicants.

In addition, under and/or pursuant to the Scaling-down, any application for Rights Shares, under PAL(s) shall be subject to the scale-down mechanisms of the Rights Issue as determined by the Company to levels which do not trigger any GO Obligation or non-compliance of the Public Float Requirement. Such scale-down of applications of Rights Shares shall operate on a fair and equitable basis, where the scale-down is necessitated by the exceeding of shareholding by a group rather than an individual Shareholders, the allocations of PAL(s) to members of the affected group should be made on a pro-rata basis by reference to the number of Shares held by the affected applicants on the Record Date, but for avoidance of any doubt, any or any such onward allocation(s) shall be subject to the Scaling-down as well.

Application for listing of the Rights Shares

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 issued and allotted pursuant to the Rights Issue. Other than on the Stock Exchange, 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.

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 with their board lot size being the same (i.e. 8,000) as their underlying 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.

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

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.

No application for excess Rights Shares

No application for excess Rights Shares will be offered to the Qualifying Shareholders. Any Untaken Rights Shares will be offered to independent Placees and/or taken up by the Underwriter pursuant to the terms of the Placing Agreement and the Underwriting Agreement, respectively.

The Board considers that since each Qualifying Shareholder will be given equal and fair opportunity to maintain their pro rata shareholding interests in the Company through the Rights Issue, the additional work which may be required to prepare for and administer the excess application arrangement (such as printing excess application forms and incurring professional fees to process and handle the excess applications) may not be justified. In addition, given that the Company has put in place the Compensatory Arrangements as required by Rule 7.21(1)(b) of the Listing Rules, details of which are set out in the paragraph headed “The Compensatory Arrangements and the Placing Agreement” below, there will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 7.21(1)(a) of the Listing Rules.

In light of the above and that the Independent Shareholders are given the opportunity to express their view on the terms of the Rights Issue (including no application for excess Rights Shares) through their votes at the SGM, the Board believes that it is fair and reasonable and in the interests of the Company and the Shareholders as a whole not to offer any excess application to the Qualifying Shareholders.

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, by offering the Unsubscribed Rights Shares to independent placees who are not Shareholders for the benefit of the relevant No Action Shareholders to whom they were offered under the Rights Issue.

Any premium over the aggregate amount of (i) the Subscription Price for those Rights Shares; and (ii) the commission and expenses of the Placing Agent (including any other related costs and expenses) that is realised from the Placing (the “**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 in the matter 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.

The Placing Agreement

On 7 June 2023 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has agreed to procure independent placee(s), on a best effort basis, to subscribe for up to 1,554,194,400 Unsubscribed Rights Shares after the Latest Time for Acceptance. The placing price of the Unsubscribed Rights Shares shall be not less than the Subscription Price. The final price determination will be determined based on the demand for and market conditions of the Unsubscribed Rights Shares at the time of placement. Any unsold Unsubscribed Rights Shares under the Compensatory Arrangements will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

The principal terms of the Placing Agreement are set out below:

- Date : 7 June 2023 (after trading hours)
- Placing Agent : Silverbricks Securities Company Limited, a licensed corporation carrying out Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO
- As at the date of this announcement, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties
- Placing commission : 3.5% of the amount which is equal to the placing price multiplied by the total number of Unsubscribed Rights Shares that have been successfully placed by the Placing Agent during the Placing Period pursuant to the terms of the Placing Agreement
- Placing price of the Unsubscribed Rights Shares : The placing price of the Unsubscribed Rights Shares shall be at least equal to the Subscription Price
- The final price will be determined based on the demand for and market conditions of the Unsubscribed Rights Shares at the time of placement
- Placees : The Unsubscribed Rights Shares shall only be offered by the Placing Agent to independent placees who and whose ultimate beneficial owner(s) are not Shareholders and are otherwise Independent Third Parties
- Placing Period : Monday, 14 August 2023 to Tuesday, 15 August 2023, or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Compensatory Arrangements
- Conditions precedent : The placing of the Unsubscribed Rights Shares is subject to and conditional upon:

- (i) the passing by the Independent Shareholders at the SGM of ordinary resolutions to approve the Underwriting Agreement, the Placing Agreement, the Rights Issue and the transactions contemplated thereunder;
- (ii) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Rights Shares;
- (iii) the representations and warranties of the Company in the Placing Agreement remaining true and accurate in all material respects and none of the undertakings of the Company in the Placing Agreement having been breached in any material respects;
- (iv) 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
- (v) the Placing Agreement not having been terminated in accordance with its terms.

The terms of the Placing Agreement (including the commission rate) were determined after arm's length negotiation between the Placing Agent and the Company with reference to the size of the Rights Issue and the prevailing market rate of commission. The Directors consider the terms of the Placing Agreement to be on normal commercial terms and are fair and reasonable. None of the Directors has a material interest in the transaction contemplated under the Placing Agreement.

Given that the Compensatory Arrangements would provide a compensatory mechanism for the No Action Shareholders, the Directors consider that the Compensatory Arrangements are in the interest of the Company and the Shareholders as a whole.

THE IRREVOCABLE UNDERTAKING

Top Pioneer Undertaking

As at the date of this announcement, Top Pioneer, a substantial Shareholder, is beneficially interested in 263,410,200 Shares, representing approximately 11.94% of the issued share capital of the Company. On 7 June 2023, Top Pioneer has given an irrevocable undertaking in favour of the Company that:

- (i) it will subscribe for 210,728,160 Rights Shares which comprise the full acceptance of its provisional entitlement in respect of the 263,410,200 Shares wholly and beneficially held by it;
- (ii) it will not dispose of any of the 263,410,200 Shares comprising the current shareholding in the Company owned by Top Pioneer, and such Shares will remain wholly and beneficially owned by it up to and including the Record Date;
- (iii) it will lodge or procure its acceptance of the 210,728,160 Rights Shares, which will be the number of Rights Shares provisionally allotted to it nil-paid under the Rights Issues, with the Registrar, with payment in full therefor, by no later than the Latest Time for Acceptance or otherwise in accordance with the instructions set out in the Prospectus Documents; and
- (iv) take appropriate steps, including, the disposal of such number of Shares necessary to ensure that sufficient public float exists in the shares of the Company in compliance with the Listing Rules upon completion of the Rights Issue.

Save for the Top Pioneer Undertaking, as at the date of this announcement, the Board has not received any information or irrevocable undertaking from any other Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them.

THE UNDERWRITING AGREEMENT

On 7 June 2023 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter in respect of the Rights Issue, pursuant to which the Underwriter has agreed to underwrite, on a best effort basis, the Untaken Rights Shares pursuant to the terms and subject to the conditions set out in the Underwriting Agreement, other than those Rights Shares provisionally allotted and undertaken to be subscribed by Top Pioneer pursuant to the Top Pioneer Undertaking.

The principal terms of the Underwriting Agreement are set out below:

- Date : 7 June 2023 (after trading hours)
- Underwriter : Silverbricks Securities Company Limited, a licensed corporation carrying out Type 1 (dealing in securities), Type 2 (dealing in futures contracts and Type 6 (advising on corporate finance) regulated activities under the SFO and its ordinary course of business includes underwriting of securities
- Number of Rights Shares to be underwritten by the Underwriter : Up to 1,554,194,400 Rights Shares (assuming no new Shares will be issued or repurchased on or before the Record Date)
- Underwriting Commitment of the Underwriter : The Underwriter has conditionally agreed to underwrite, on a best effort basis, the Rights Shares (other than the Rights Shares agreed to be taken up by Top Pioneer under the Top Pioneer Undertaking) which have not been taken up by the Qualifying Shareholders and which have not been placed out by the Placing Agent under the Compensatory Arrangements. Accordingly, the Rights Issue is not fully underwritten.
- Underwriting commission : 4% of the aggregate Subscription Price in respect of the number of Underwritten Shares committed to be underwritten, subscribed for or procured to be subscribed for by the Underwriter in accordance with the Underwriting Agreement

Conditions of the Underwriting Agreement

The Underwriting Agreement is conditional upon the following conditions being fulfilled:

- (i) the passing of the necessary resolutions at the SGM to approve the Rights Issue and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares) by the Shareholders (other than those who are required to abstain from voting according to the Listing Rules or other application laws and regulations if necessary);

- (ii) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in the Rights Shares (in their nil-paid and fully-paid forms) by no later than the first day of their dealings;
- (iii) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively 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 resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the CWUMPO not later than the Prospectus Posting Date;
- (iv) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Non-Qualifying 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;
- (v) each condition to enable the Rights Shares in their nil-paid or fully-paid forms to be admitted as eligible securities for deposit, clearance and settlement in CCASS having been satisfied on or before the Business Day prior to the commencement of trading of the Rights Shares (in their nil paid and fully-paid forms, respectively) and no notification having been received by the Company from the HKSCC by such time that such admission or facility for holding and settlement has been or is to be refused;
- (vi) the Company complying with all of its obligations under the Underwriting Agreement in all material respects;
- (vii) the representations and warranties of the Company in the Underwriting Agreement remaining true and accurate in all material respects and none of the undertakings of the Company in the Underwriting Agreement having been breached in any material respects;
- (viii) the obligations of the Underwriter becoming unconditional and that the Underwriting Agreement is not terminated in accordance with its terms;
- (ix) the entering into of binding agreements by the Underwriter with certain subscriber(s) procured by the Underwriter and/or sub-underwriter(s), which shall be Independent Third Parties, for placing and/or sub-underwriting the Rights Shares, such that neither the Underwriter nor any of the subscriber(s) procured by the Underwriter and/or sub-underwriter(s) and/or party or parties acting in concert (having the meaning as set out in the Takeovers Code) with the respective subscribers or any of the connected persons or associates of the respective subscribers shall be interested in 10% or more of the issued share capital of the Company as enlarged by the Rights Issue;

- (x) the Placing Agreement not being terminated pursuant to the terms thereof and remain in full force and effect;
- (xi) there being no Specified Event occurring prior to the Latest Time for Termination; and
- (xii) the compliance with and performance of all the undertakings and obligations under the Top Pioneer Undertaking.

Other than conditions (vi), (vii), (xii) which can be waived in whole and in part by the Underwriter by notice in writing to the Company prior to the Latest Time for Termination, all other conditions precedent above cannot be waived. In the event that the above conditions precedent have not been satisfied or waived on or before the Latest Time for Termination, all liabilities of the Company and the Underwriter under the Underwriting Agreement shall terminate and no party will have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

Termination of the Underwriting Agreement

The Underwriter shall have the right to terminate the Underwriting Agreement by notice in writing to the Company prior to the Latest Time for Termination (provided that if the date of the Latest Time for Termination shall be a Business Day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9.00 a.m. and 4.00 p.m. on that day, the date of the Latest Time for Termination shall be the next Business Day on which no tropical cyclone warning signal no. 8 or above or no black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 4:00 p.m. on that day), if:

- (i) in the reasonable opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Company as a whole or is materially adverse in the context of the Rights Issue; or

- (b) 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 reasonable opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Company as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (ii) any material adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (iii) there is any change in the circumstances of the Company which in the reasonable opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or the destruction of any material asset of the Company; or
- (iv) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (v) any other material adverse change in relation to the business or the financial or trading position or prospects of the Company as a whole whether or not ejusdem generis with any of the foregoing; or
- (vi) any matter which, had it arisen or been discovered immediately before the date of the Prospectus Documents and not having been disclosed in the Prospectus Documents, would have constituted, in the reasonable opinion of the Underwriter, a material omission in the context of the Rights Issue; or
- (vii) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive Business Days, excluding any suspension in connection with the clearance of the Announcement or the Prospectus Documents or other announcements in connection with the Rights Issue.

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

The Rights Issue is only underwritten on a best effort basis and is not fully underwritten. Pursuant to the Company's constitutional documents and the Companies Act, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfilment or satisfaction of the conditions precedent of the Rights Issue, the Rights Issue shall proceed regardless of the conditions of its level of acceptances, and up to 210,728,160 Rights Shares are committed to be subscribed pursuant to the Top Pioneer Undertaking subject, however, to any Scaling-down vis-à-vis the GO Obligation or the Public Float Requirement.

In the event of under-subscription, any Rights Shares not taken up by the Qualifying Shareholders under PAL(s), or transferees of nil-paid Rights Shares, and not subscribed by subscribers procured by the Underwriter will not be issued, and hence, the size of the Rights Issue will be reduced accordingly. Investors are advised to exercise caution when dealing in the Shares.

EXPECTED TIMETABLE

The expected timetable for the Rights Issue set out below is indicative only and may be varied. Any changes to the expected timetable will be announced in a separate announcement by the Company as and when appropriate.

Event	Time and date (Hong Kong time)
	2023
Expected despatch date of the circular, proxy form and notice of SGM	Friday, 23 June
Latest time for lodging transfers of Shares to qualify for the attendance and voting at the SGM	4:30 p.m. on Thursday, 6 July
Closure of register of members of the Company (both days inclusive)	Friday, 7 July to Thursday, 13 July
Latest time for lodging proxy forms for the SGM	11:00 a.m. on Tuesday, 11 July

Record date for determining entitlements for the attendance and voting at the SGM	Thursday, 13 July
Expected time and date of the SGM	11:00 a.m. on Thursday, 13 July
Announcement of the poll results of the SGM	Thursday, 13 July
Register of members of the Company reopens	Friday, 14 July
Last day of dealings in the Shares on a cum-rights basis	Friday, 14 July
First day of dealings in the Shares on an ex-rights basis	Monday, 17 July
Latest Lodging Time for lodging transfer of Shares to qualify for the Rights Issue	4:30 p.m. on Tuesday, 18 July
Closure of register of members of the Company for determining entitlements to the Rights Issue (both days inclusive)	Wednesday, 19 July to Tuesday, 25 July
Record date for determining entitlements for the Rights Issue	Tuesday, 25 July
Register of members of the Company reopens	Wednesday, 26 July
Despatch of the Prospectus Documents (in the case of Non-Qualifying Shareholders, the Prospectus only)	Wednesday, 26 July
First day of dealing in nil-paid Rights Shares	Friday, 28 July
Latest time for splitting of the PALs	4:30 p.m. on Tuesday, 1 August
Last day of dealing in nil-paid Rights Shares	Friday, 4 August
Latest time for lodging transfer documents of nil-paid Rights Shares in order to qualify for the payment of Net Gain	4:00 p.m. on Wednesday, 9 August
Latest Time for Acceptance and payment for the Rights Shares	4:00 p.m. on Wednesday, 9 August
Announcement of the number of the Unsubscribed Rights Shares subject to the Compensatory Arrangements	Friday, 11 August

Commencement of placing of the Unsubscribed Rights Shares by the Placing Agent subject to the Compensatory Arrangements	Monday, 14 August
End of placing of the Unsubscribed Rights Shares by the Placing Agent	Tuesday, 15 August
Latest Time for Termination of the Underwriting Agreement and for the Rights Issue to become unconditional	4:00 p.m. on Wednesday, 16 August
Announcement of allotment results of the Rights Issue (including results of the placing of the Unsubscribed Rights Shares and the amount of Net Gain per Unsubscribed Share under the Compensatory Arrangements)	Friday, 18 August
Despatch of certificates for fully-paid Rights Shares	Monday, 21 August
Refund cheques, if any, to be despatched (if the Rights Issue is terminated)	Monday, 21 August
Expected first day of dealings in fully-paid Rights Shares	9:00 a.m. on Tuesday, 22 August
Payment of the Net Gain (if any) to the relevant No Action Shareholders	Wednesday, 23 August

Effect of bad weather on the Latest Time for Acceptance and payment for the Rights Shares

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

- (i) in force in Hong Kong at any local time before 12: 00 noon and no longer in force after 12: 00 noon on Wednesday, 9 August 2023. Instead, the latest time for acceptance of and payment for the Rights Shares will be extended to 5: 00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12: 00 noon and 4: 00 p.m. on Wednesday, 9 August 2023. Instead, the latest time for acceptance of and payment for the Rights Shares will be rescheduled to 4: 00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9: 00 a.m. and 4: 00 p.m.

If the latest time for acceptance of and payment for the Rights Shares does not take place on or before 4: 00 p.m. on Wednesday, 9 August 2023, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

REASONS FOR AND BENEFITS OF THE RIGHTS ISSUES AND INTENDED USE OF PROCEEDS

The Company is an investment holding company and the Group is principally engaged in property development and investment in mainland China and finance business and automobile business in Hong Kong.

Assuming all the Rights Shares are taken up, the net proceeds from the Rights Issue after deducting the incidental expenses are estimated to be approximately HK\$47.9 million (assuming no change in the number of Shares in issue on or before the Record Date). The net price per Rights Share (after deducting the cost and expenses of the Rights Issue) is estimated to be approximately HK\$0.027.

The Company intends to apply the net proceeds from the Rights Issue as follows: (1) approximately 20% be used as the general working capital of the Group; (2) approximately 30% be used as investments in the catering and related business and to settle of the Transaction Consideration; (3) approximately 30% be used as investments in the Live Streaming Business; and (4) approximately 20% be used for the expansion of the finance business of the Group.

If the Rights Issue is undersubscribed and the size of the Rights Issue is reduced, the net proceeds are expected to be utilised with proportional reductions in the same usage scenarios as above.

The Group has been proactive in seeking appropriate investment opportunities in areas including but not limited to catering and related business and Live Streaming Business. As disclosed in the announcement of the Company dated 17 March 2023, the Group has entered into the sale and purchase agreement to acquire company holding catering related business at the Transaction Consideration of HK\$4.5 million; while as disclosed in the announcement of the Company dated 4 April 2023, the Group has established a wholly foreign owned enterprise in the PRC which principally engaged in the Live Streaming Business.

In light of the financial performance of the Group which was still in a loss position for the year ended 31 December 2022 as well as the above expansion plan of the Group, the Board considers that it is vital for the Group to have access to additional funding and working capital in order to maintain its competitiveness in the market.

The Directors have considered various ways of raising funds, including but not limited to debt financing, placing and open offer, and believe that the Rights Issue is the most efficient way in terms of time and costs for the Company. The Board is of the view that while additional debt financing will increase the Group's gearing ratio, it will also increase the ongoing interest expenses of the Group which may in turn affect the profitability of the Company. In addition, debt financing may not be achievable on favourable terms in a timely manner, it may as well require pledge of assets and/or other kind of securities which may reduce the Group's flexibility in managing its portfolio.

On the other hand, the Board considered that the fundraising by way of the Rights Issue will improve the financial position of the Group immediately. The Board has also considered that open offer is less favorable to the Shareholders compared to the Rights Issue due to the flexibility of the Shareholders being able to sell their entitled nil-paid rights when they do not wish to take up the entitlements under the Rights Issue.

As for placing of new Shares, the Company has already completed a placing of new shares under general mandate on 20 September 2022.

Taking into account the costs and benefits of each of the alternatives as compared with the Rights Issue, the Directors (other than (i) Mr. Ong who has a material interest in the Top Pioneer Undertaking; and (ii) the members of the Independent Board Committee who will form their view after reviewing and considering the advice from the Independent Financial Adviser) considered that Rights Issue can enlarge the capital base of the Company and fulfil the funding needs of the Group while at the same time offering Qualifying Shareholders a chance to continue participating in the development of the Company and the Group in the near future by subscribing for their pro-rata Rights Shares at a relatively low price as compared to the historical market price of the Shares. Thus, the Directors (other than (i) Mr. Ong who has a material interest in the Top Pioneer Undertaking; and (ii) the members of the Independent Board Committee who will form their view after reviewing and considering the advice from the Independent Financial Adviser) are of the view that, despite any potential dilution impact which may arise to the Non-Qualifying Shareholders or Qualifying Shareholders who do not participate in the Rights Issue, raising funds by way of Rights Issue is more attractive and feasible in the current market condition, and thus, in the interests of the Company and the Shareholders as a whole.

FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

The Company has conducted the following fundraising activity involving issue of equity securities during the 12 months immediately preceding the date of this announcement:

Date of announcement	Event	Net proceeds raised	Intended use of net proceeds	Actual use of net proceeds as at the date of this announcement
20 September 2022	Placing of new Shares under general mandate	Approximately HK\$18.7 million	(i) enrichment of general capital for operating and expansion of the Group's finance business; and (ii) enrichment of general working capital including salaries and allowance, legal and professional fee and overheads for operation of the Group's general expenses	(i) approximately HK\$12.5 million in respect of general capital for operating and expansion of the Group's finance business; and (ii) approximately HK\$6.2 million in respect of general working capital including salaries and allowance, legal and professional fee and overheads for operation of the Group's general expenses

Save as disclosed above, the Company has not conducted other fundraising exercise involving issue of equity securities during the 12 months immediately preceding the date of this announcement.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

For illustration purposes only, the tables below sets out the shareholding structures of the Company (i) as at the date of this announcement; (ii) immediately after completion of the Rights Issue assuming (a) full acceptance by the Qualifying Shareholders; (b) nil acceptance by the Qualifying Shareholders (except Top Pioneer) and all the Unsubscribed Rights Shares have been placed by the Placing Agent; and (c) nil acceptance by the Qualifying Shareholders and no independent placees take up the Unsubscribed Rights Shares.

	As at the date of this announcement		Immediately after completion of the Rights Issue (assuming all Qualifying Shareholders take up all his/her/its entitlements under the Rights Issue)		Immediately after completion of the Rights Issue (assuming (a) no Qualifying Shareholders take up any of his/her/its entitlements under the Rights Issue except for Top Pioneer pursuant to the Top Pioneer Undertaking; and (b) all the Unsubscribed Rights Shares were placed to independent placees under the Placing Agreement) (Note 2)		Immediately after completion of the Rights Issue (assuming (a) no Qualifying Shareholders take up any of his/her/its entitlements under the Rights Issue except for Top Pioneer pursuant to the Top Pioneer Undertaking; and (b) no independent placees took up the Unsubscribed Rights Shares such that all the Unsubscribed Rights Shares were taken up by the Underwriter) (Notes 2 & 3)	
	No. of Shares	Approx. percentage %	No. of Shares	Approx. percentage %	No. of Shares	Approx. percentage %	No. of Shares	Approx. percentage %
Top Pioneer (Note 1)	263,410,200	11.94	474,138,360	11.94	474,138,360	11.94	474,138,360	11.94
Mr. Chan Kar Yeung	164,316,200	7.45	295,769,160	7.45	164,316,200	4.14	164,316,200	4.14
Public Shareholders								
— The Underwriter	—	—	—	—	—	—	1,554,194,400	39.14
— Independent placees	—	—	—	—	1,554,194,400	39.14	—	—
— Other public Shareholders	1,778,426,800	80.61	3,201,168,240	80.61	1,778,426,800	44.78	1,778,426,800	44.78
Total	<u>2,206,153,200</u>	<u>100.00</u>	<u>3,971,075,760</u>	<u>100.00</u>	<u>3,971,075,760</u>	<u>100.00</u>	<u>3,971,075,760</u>	<u>100.00</u>

Notes

1. Top Pioneer is wholly-owned by Mr. Ong. Accordingly, Mr. Ong is deemed to be interested in all the Shares by Top Pioneer by virtue of Part XV of the SFO.
2. Further announcement(s) will be made by the Company as soon as practicable when the total number of Unsubscribed Rights Shares to be placed by the Placing Agent to the independent placees and the number of placees are confirmed.

3. This scenario is for illustration purpose only and shall never occur. As one of the conditions precedent to the Underwriting Agreement, the Underwriter shall enter into binding agreements with subscriber(s) procured by the Underwriter and/or sub-underwriter(s), which shall be Independent Third Parties, for placing and/or sub-underwriting the Rights Shares, such that neither the Underwriter nor any of the subscriber(s) procured by the Underwriter and/or sub-underwriter(s) and/or party or parties acting in concert (having the meaning as set out in the Takeovers Code) with the respective subscribers or any of the connected persons or associates of the respective subscribers shall be interested in 10% or more of the issued share capital of the Company as enlarged by the Rights Issue.
4. Certain percentage figures included in the above table are subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

LISTING RULES IMPLICATIONS

The Rights Issue, if proceeded with, will increase the issued share capital of the Company by more than 50%. Thus, in accordance with Rules 7.19A and 7.27A of the Listing Rules, the Rights Issue must be made conditional on approval by the Independent Shareholders (comprising both the Qualifying Shareholders and the Non-Qualifying Shareholders) by way of poll at the SGM at which any controlling shareholders of the Company and their respective associates or, where there are no controlling shareholders, 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(s) approving the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder. Since the Company has no controlling shareholder as at the date of this announcement (and assuming there is no change up to the date of the SGM), Mr. Ong and Mr. Yuk Kai Yao, and their respective associates shall abstain from voting in favour of the proposed resolution approving the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder at the SGM.

Mr. Ong, the chairman of the Board and executive Director, is beneficially interested in the entire issued shares of Top Pioneer and hence, is deemed to be interested in the Shares owned by Top Pioneer by virtue of the SFO. As a result, he has therefore abstained from voting at the meeting of the Board convened to consider such matters, while Top Pioneer as an associate of Mr. Ong shall also abstain from voting in favour of the proposed resolution.

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

An Independent Board Committee, comprising all independent non-executive Directors, namely Ms. Wu Wai Shan, Mr. Lau Yik Lok and Mr. Leung Gar-gene, Vincent, has been established to advise the Independent Shareholders as to (i) whether the terms of the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) how to vote on the resolution(s) relating to the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder after taking into account the recommendations of the Independent Financial Adviser.

An Independent Financial Adviser will be appointed (with the approval of the Independent Board Committee) to advise the Independent Board Committee and the Independent Shareholders in these regards.

The SGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder. Top Pioneer and any Shareholders who are involved in or interested in the Rights Issue, the Placing Agreement and/or the Underwriting Agreement shall abstain from voting on the resolutions to approve the Rights Issue, the Placing Agreement and the Underwriting Agreement at the SGM.

A circular including, among other things, details of (i) the Rights Issue, the Placing Agreement and the Underwriting Agreement; (ii) the recommendation of the Independent Board Committee in relation to the Rights Issue, the Placing Agreement and the Underwriting Agreement; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue, the Placing Agreement and the Underwriting Agreement; (iv) a notice convening the SGM; and (v) other disclosure requirements under the Listing Rules is expected to be despatched to the Shareholders on or before 23 June 2023.

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 proposed Rights Issue, to the Qualifying Shareholders on the Prospectus Posting Date. The Company will despatch the Prospectus to the Non-Qualifying Shareholders for their information only, but the Company will not send the PALs to the Non-Qualifying Shareholders.

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

Shareholders and potential investors of the Company should note that the proposed 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. Accordingly, the proposed Rights Issue may or may not proceed.

Shareholders and potential investors of the Company should exercise caution when dealing in the Shares and/or the nil-paid Rights Shares, and if they are in any doubt about their position, they should consult their own professional advisers.

DEFINITIONS

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

“associates”	has the same meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day(s) (excluding Saturday and Sunday and any day on which 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 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 general business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Act”	the Companies Act 1981 of Bermuda, as amended from time to time
“Company”	GBA Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 261)

“Compensatory Arrangements”	the arrangements 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 7.21(1)(b) of the Listing Rules
“CWUMPO”	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the laws of Hong Kong)
“Director(s)”	the director(s) of the Company
“GO Obligation”	the obligation to make a general offer under Rule 26 of the Takeovers Code
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising all independent non-executive Directors, namely Ms. Wu Wai Shan, Mr. Lau Yik Lok and Mr. Leung Gar-gene, Vincent, which has been established to advise the Independent Shareholders in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder, and as to the voting action therefor
“Independent Financial Adviser”	an independent financial adviser to be appointed by the Company with the approval of the Independent Board Committee, for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder
“Independent Shareholders”	the Shareholders other than Top Pioneer and their respective associates and any Shareholders who are involved in, or interested in (other than by being a Shareholder), or have a material interest in the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder

“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, is/are third party(ies) independent of and not connected with the Company and any of its connected persons (as defined in the Listing Rules)
“Last Trading Day”	7 June 2023, being the last trading day of the Shares on the Stock Exchange immediately prior to the publication of this announcement
“Latest Lodging Time”	4:30 p.m. on Tuesday, 18 July 2023 or such other time and/or date as the Underwriter and the Company may agree, being the latest time for the Shareholders to lodge transfer of Shares in order to qualify for the Rights Issue
“Latest Time for Acceptance”	4:00 p.m. on Wednesday, 9 August 2023 or such other time and/or date as may be agreed between the Underwriter and the Company, being the latest time for acceptance of, and payment for, the Rights Shares under the Rights Issue
“Latest Time for Termination”	4:00 p.m. on Wednesday, 16 August 2023 or such other time and/or date as may be agreed between the Underwriter and the Company, being the latest time to terminate the Underwriting Agreement
“Listing Committee”	has the same meaning ascribed thereto under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Live Streaming Business”	live streaming business to be carried out by a subsidiary of the Company on short video platform(s) in the PRC/ e-commerce business through the use of live-streaming marketing on different social media platforms in the PRC, mainly focusing on live streaming for contents including entertainment, gaming and e-commerce
“Macau”	the Macau Special Administrative Region of the PRC
“Mr. Ong”	Mr. Ong Chor Wei, the chairman of the Board and an executive Director who is deemed to be a substantial Shareholder by virtue of Part XV of the SFO (by being the holder of the entire issued shares of Top Pioneer)

“No Action Shareholders”	those Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or their renounees, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed
“Non-Qualifying Shareholders”	those Overseas Shareholder(s) to whom the Directors, after making enquiries, consider it necessary or expedient not to offer the Rights Shares 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
“Overseas Letter”	a letter from the Company to the Non-Qualifying Shareholder(s) (if any) explaining the circumstances in which the Non-Qualifying Shareholder(s) (if any) is/are not permitted to participate in the Rights Issue
“Overseas Shareholder(s)”	the Shareholder(s) (whose names appear on the register of members of the Company at the close of business on the Record Date) with registered address(es) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders for the Rights Issue
“Placing Agent”	Silverbricks Securities Company Limited, a licensed corporation carrying out Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO
“Placing Agreement”	the placing agreement dated 7 June 2023 entered into between the Company and the Placing Agent in relation to the placing of the Unsubscribed Rights Shares on a best effort basis by the Placing Agent and/or its sub-placing agents(s) to independent placees on the terms and conditions of the Placing Agreement
“Placing Period”	from Monday, 14 August 2023 to Tuesday, 15 August 2023

“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau and Taiwan
“Prospectus”	the prospectus to be despatched to the Qualifying Shareholders (and the Non-Qualifying Shareholder(s) for information only) in connection with the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL
“Prospectus Posting Date”	Wednesday, 26 July 2023 or such other date as may be agreed in writing between the Company and the Underwriter, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus to the Non-Qualifying Shareholders (as the case may be)
“Public Float Requirement”	the public float requirement under Rules 8.08(1)(a) and 13.32(1) of the Listing Rules
“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear(s) on the register of members of the Company on the Record Date
“Record Date”	Tuesday, 25 July 2023 or such other date as may be agreed in writing between the Company and the Underwriter, being the record date for determining the entitlements of the Shareholders to participate in the Rights Issue
“Registrar”	Tricor Tengis Limited, the Company’s branch share registrar and transfer office in Hong Kong, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Rights Issue”	the proposed issue of new Shares by way of rights on the basis of four (4) Rights Shares for every five (5) existing Shares held at the close of business on the Record Date at the Subscription Price pursuant to the Prospectus Documents
“Rights Share(s)”	the new Share(s) to be allotted and issued under the Rights Issue

“Scale-down PAL Shares”	such number of Rights Shares applied for under the PAL(s) which would, if allotted by the Company, result in either the incurring of a GO Obligation on the part of the applicant or the failure to comply with the Public Float Requirement on the part of the Company
“Scaling-down”	the scale-down mechanisms of the Rights Issue as determined by the Company to which any application for the Rights Shares under the PALs or transferees of nil-paid Rights Shares shall be subject to ensure that no application for the Rights Shares or the allotment thereof by the Company shall be at such level which may trigger any GO Obligation or non-compliance with the Public Float Requirement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.01 each in the existing share capital of the Company
“Shareholder(s)”	holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.03 per Rights Share
“Takeovers Code”	The Codes on Takeovers and Mergers
“Top Pioneer”	Top Pioneer Holdings Limited, a substantial Shareholder and a company incorporated in Hong Kong which is directly wholly owned by Mr. Ong
“Top Pioneer Undertaking”	the irrevocable undertaking given by Top Pioneer in favour of the Company and the Underwriter, details of which is set out in the paragraph headed “Top Pioneer Undertaking” in this announcement

“Transaction Consideration”	the consideration of HK\$4,500,000 payable by the Group pursuant to the sale and purchase agreement acquiring company holding catering related business
“Underwriter”	Silverbricks Securities Company Limited, a licensed corporation carrying out Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO and its ordinary course of business includes underwriting of securities
“Underwriting Agreement”	the underwriting agreement dated 7 June 2023 entered into between the Company and the Underwriter in relation to the Rights Issue
“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
“Untaken Rights Shares”	all the Unsubscribed Rights Shares that are not placed by the Placing Agent or they have been placed but the placees have not paid therefor at 4:00 p.m. on the last day of the Placing Period
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
GBA HOLDINGS LIMITED
Ong Chor Wei
Chairman and Executive Director

Hong Kong, 7 June 2023

As at the date of this announcement, the executive Directors are Mr. Ong Chor Wei and Mr. Yuk Kai Yao and the independent non-executive Directors are Ms. Wu Wai Shan, Mr. Lau Yik Lok and Mr. Leung Gar-Gen Vincent.