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**(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING SHARES HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS; AND
(2) NOTICE FOR CLOSURE OF REGISTER OF MEMBERS**

Financial adviser to the Company



Platinum Securities Company Limited

PROPOSED RIGHTS ISSUE

The Company proposes to raise up to approximately HK\$47,377,185 before expenses by way of the issue to the Qualifying Shareholders of a maximum of 473,771,847 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) at the Subscription Price of HK\$0.1 per Rights Share on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date. The Rights Issue is available only to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders.

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\$42.6 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\$0.09.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. There is no minimum subscription level or minimum amount to be raised under the Rights Issue.

THE IRREVOCABLE UNDERTAKING

As at the date of this announcement, the Board has not received any information or irrevocable undertaking from any substantial Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them, save for the Irrevocable Undertaking given by Ms. Lam, the Chairman, Chief Executive Officer of the Company and an Executive Director, who is interested directly and through controlled corporations in an aggregate of 498,235,500 Shares (representing approximately 52.58% of all issued Shares as at the date hereof).

Pursuant to the Irrevocable Undertaking, Ms. Lam irrevocably undertook with the Company that (i) she will, and will procure her controlled corporations to, subscribe for an aggregate of 249,117,750 Rights Shares which comprise the full acceptance of their aggregate provisional entitlement in respect of the 498,235,500 Shares beneficially held by them (provided that the subscription by any one or more of Ms. Lam and/or her controlled corporation(s) of the entire 249,117,750 Rights Shares will constitute fulfilment of such undertaking); and (ii) she will not, and will procure her controlled corporations not to, dispose of any of the 498,235,500 Shares comprising their current shareholding in the Company, and such Shares will remain beneficially owned by them, up to and including the date of completion of the Rights Issue or the date on which the Company announces that the Rights Issue will not proceed, whichever is earlier.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 31 October 2022 to Friday, 4 November 2022 (both days inclusive) for determining the entitlements to the Rights Issue during which period no transfer of Shares will be registered.

LISTING RULES IMPLICATIONS

As the Rights Issue will not increase either the total number of issued Shares or the market capitalisation of the Company by more than 50%, the Rights Issue is not subject to the approval of the Shareholders pursuant to Rule 7.19A of the Listing Rules.

The Rights Issue is in compliance with the theoretical dilution limit under Rule 7.27B of the Listing Rules.

GENERAL

The Prospectus Documents containing further details of the Rights Issue are expected to be despatched to the Qualifying Shareholders on or around Monday, 7 November 2022.

RISKS OF DEALING IN SHARES AND RIGHTS SHARES

The Rights Issue is subject to the fulfilment of conditions including the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. If the conditions to the Rights Issue are not fulfilled, the Rights Issue will not proceed.

Any Shareholder or other person dealing in Shares and/or Rights Shares up to the date on which all the conditions of the Rights Issue are fulfilled will accordingly bear the risk that the Rights Issue may not proceed.

Subject to the fulfilment of conditions, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full and Non-Qualifying Shareholders, if any, should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the Rights Shares.

THE RIGHTS ISSUE

The Company proposes to raise up to approximately HK\$47,377,185 before expenses by way of the issue to the Qualifying Shareholders of a maximum of 473,771,847 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) at the Subscription Price of HK\$0.1 per Rights Share on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date. The Rights Issue is available only to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders.

The principal terms of the Rights Issue are as follows:

Issue statistics

Basis of the Rights Issue	:	One (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date
Subscription Price	:	HK\$0.1 per Rights Share
Number of Shares in issue as at the date of this announcement	:	947,543,695 Shares
Maximum number of Rights Shares to be issued under the Rights Issue (assuming the Rights Issue is fully subscribed)	:	473,771,847 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Maximum total number of issued Shares as enlarged by the Rights Issue (assuming the Rights Issue is fully subscribed)	:	1,421,315,542 Shares (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)

- Maximum amount to be raised : No more than approximately HK\$47,377,185 before expenses (assuming the Rights Issue is fully subscribed)
- Right of excess applications : Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotments

As at the date of this announcement, the Company has no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares.

Assuming no change in the number of issued Shares on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 473,771,847 Rights Shares proposed to be provisionally allotted and issued pursuant to the Rights Issue represents approximately 50% of the issued share capital of the Company as at the date of this announcement and will represent approximately 33.33% of the total number of issued Shares of the Company 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 acceptance of provisionally allotted Rights Shares. In the event that the provisional allotments for the Rights Issue are not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders together with the Rights Shares not provisionally allotted to the Non-Qualifying Shareholders and aggregated fractions of Rights Shares will be made available for excess application under the EAFs. There is no minimum subscription level or minimum amount to be raised under the Rights Issue.

Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full and Non-Qualifying Shareholders, if any, should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

The Subscription Price

The Subscription Price of HK\$0.1 per Rights Share is payable in full upon the acceptance of the relevant provisional allotment of Rights Shares or, where applicable, upon an application of Excess Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 66.1% to the closing price of HK\$0.295 per Share as quoted on the Stock Exchange on the Last Trading Day;

- (ii) a discount of approximately 66.4% to the average closing price per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.298 per Share;
- (iii) a discount of approximately 66.5% to the average closing price per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.299 per Share;
- (iv) a discount of approximately 56.5% to the theoretical ex-rights price of approximately HK\$0.23 per Share based on the closing price of HK\$0.295 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a discount of approximately 93.7% to the latest published unaudited consolidated net asset value per Share as at 31 July 2022 of approximately HK\$1.576 (based on the net asset value attributable to the owners of the Company as at 31 July 2022 of approximately HK\$1,493.4 million as disclosed in the preliminary annual results announcement of the Company for the year ended 31 July 2022 and 947,543,695 Shares in issue as at the date of this announcement); and
- (vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 22.8%, represented by a discount of the theoretical diluted price of approximately HK\$0.23 per Share to the benchmarked price of approximately HK\$0.298 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$0.295 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days preceding the Last Trading Day of approximately HK\$0.298 per Share).

The Subscription Price was determined by the Company with reference to the market price of the Shares under prevailing market conditions and financial positions of the Group.

The Directors consider that the discount of the Subscription Price would be necessary to enhance the attractiveness of and encourage Shareholders to participate in the Rights Issue, in particular in view of the sustained low trading volume and low market prices of the Shares in recent years, and accordingly maintain their shareholdings in the Company and participate in the growth and development of the Group going forward. Taking into account the reasons for the Rights Issue as stated in the section headed “Reasons for the Rights Issue and the Use of Proceeds” below, the Directors believe that 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.

Basis of provisional allotment

The basis of provisional allotment of Rights Shares will be one (1) Rights Share (in nil-paid form) for every two (2) 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 allotments should be made by completing the PAL (in accordance with the instructions printed thereon) and lodging the same with a remittance for the Rights Shares being applied for with the Registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, on or before the Latest Time for Acceptance, which is expected to be 4:00 p.m. on Monday, 21 November 2022.

Qualifying Shareholders who take up their pro rata assured entitlement in full will not suffer any dilution to their interests in the Company apart from any nominal dilution resultant from the non-issuance of fractional Rights Shares.

Status of the Rights Shares

The Rights Shares (when allotted, issued and fully paid) will rank pari passu in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid by the Company the record dates of which fall on or after the date of issue of the fully-paid Rights Shares.

The Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. Shareholders, who are not Non-Qualifying Shareholders, having a registered address in Hong Kong as shown on the register of members of the Company at the close of business on the Record Date will qualify for the Rights Issue.

Shareholders whose Shares are held by a nominee (or held through CCASS) should note that the Board will regard such nominee (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee(s) (or held through CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names on or prior to the Last Day for Transfer.

In order to be registered as a member of the Company by the Record Date, all transfer documents for Shares (together with the relevant share certificate(s)) must be lodged for registration with the Registrar by no later than 4:30 p.m. on the Last Day for Transfer. The last day for dealing in Shares on a cum-rights basis is Wednesday, 26 October 2022, and the Shares will be dealt with on an ex-rights basis starting from Thursday, 27 October 2022.

The Non-Qualifying Shareholders

The Company will not extend the Rights Issue to the Non-Qualifying Shareholders. Accordingly, no provisional allotment of Rights Shares will be made to the Non-Qualifying Shareholders and Non-Qualifying Shareholders will not be entitled to apply for Rights Shares.

Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders will be made available for excess application by the Qualifying Shareholders under the EAFs.

The Company will send the Prospectus Documents to the Qualifying Shareholders only and will, subject to the advice given in the legal opinions provided by the Company's legal advisers in the relevant overseas jurisdictions of Overseas Shareholders, if any, and to the extent reasonably practicable, send the Prospectus (excluding the PAL and EAF) to the Non-Qualifying Shareholders for information purposes only.

The Overseas Shareholders

Based on the register of members of the Company as of the date of this announcement, there are 11 Shareholders with registered addresses situated in Malaysia, the United States, Canada, Singapore and Macau.

If, at the close of business on the Record Date, a Shareholder's address on the Company's register of members is in a place outside Hong Kong, such Shareholder may not be eligible to take part in the Rights Issue. The Prospectus Documents will not be filed or registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

The Company notes the requirements specified in the notes to Rule 13.36(2)(a) of the Listing Rules, and is in the process of making reasonable enquiries regarding the feasibility of extending the Rights Issue to Overseas Shareholders present on the Record Date. If, after such enquiries, the Company is of the opinion that it would be necessary or expedient, on account of the legal restrictions or prohibitions under the laws of the relevant jurisdictions or any requirements of the relevant regulatory body or stock exchange in such jurisdictions, not to offer the Rights Shares to the relevant Overseas Shareholders, no provisional allotment of nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders. Such Overseas Shareholders will be regarded as Non-Qualifying Shareholders and will not qualify for the Rights Issue. The basis of exclusion of Non-Qualifying Shareholders, if any, will be disclosed in the Prospectus.

This announcement is not an offer of the securities for sale in the United States. The Rights Shares offered have not been, and will not be, registered under the U.S. Securities Act or any U.S. state securities laws and may not be offered or sold in the United States absent registration or an available exemption from the registration requirement of the U.S. Securities Act and applicable U.S. state securities laws. No public offering of Rights Shares is being made in the United States. This announcement shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful.

Overseas Shareholders and beneficial owners of Shares who are residing outside Hong Kong should note that they may or may not be able to participate in the Rights Issue, subject to the results of enquiries made by the Company pursuant to the notes to Rule 13.36(2)(a) of the Listing Rules. 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 laws or other laws or regulations of any territory or jurisdiction. The Rights Issue does not constitute any offer or invitation to sell, issue or solicit for Shares in any jurisdiction in which such actions are unlawful or otherwise restricted. Accordingly, Overseas Shareholders and beneficial owners of Shares who are residing outside Hong Kong should inform themselves of and observe any such restrictions, if applicable, and exercise caution when dealing in the Shares.

No fractional entitlement to the Rights Shares

The Company will not provisionally allot fractions of Rights Shares in nil-paid form. All fractions of Rights Shares will be aggregated (and rounded down to the nearest whole number of a Share) and made available for excess application by Qualifying Shareholders under the EAFs.

Odd lot arrangement

No odd lot matching services will be provided.

Application for Excess Rights Shares

All Qualifying Shareholders are entitled to apply by way of excess application under the EAFs for additional Rights Shares in excess of their assured entitlements.

The Excess Rights Shares will comprise:

- (i) any Rights Shares provisionally allotted but not accepted by any of the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares prior to the Latest Time for Acceptance;
- (ii) any Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders; and
- (iii) any Rights Shares created from the aggregation of fractions of Rights Shares not provisionally allotted to the Qualifying Shareholders.

Application for Excess Rights Shares can be made only by Qualifying Shareholders duly completing the EAFs (in accordance with the instructions printed thereon) and lodging the same with a separate remittance for the Excess Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance, which is expected to be 4:00 p.m. on Monday, 21 November 2022.

Qualifying Shareholders who wish to apply for Excess Rights Shares in addition to their provisional allotments must complete both the PAL and the EAF.

Basis of allocation of Excess Rights Shares

The Company will allocate the Excess Rights Shares at its discretion on a fair and equitable basis as far as practicable on the following principles:

- (i) if there are insufficient Excess Rights Shares to satisfy all EAFs, Excess Rights Shares will be allocated on a pro rata basis by reference to the number of Excess Rights Shares applied for in the relevant EAFs by the relevant Qualifying Shareholders;
- (ii) otherwise (i.e. if the aggregate number of Rights Shares not taken up by the Qualifying Shareholders and/or transferees of nil-paid Rights Shares under the PALs is greater than the aggregate number of Excess Rights Shares applied for through the EAFs), Excess Rights Shares will be allocated in full in accordance with the EAFs to each Qualifying Shareholder who applies for Excess Rights Shares.

For the avoidance of doubt, in applying the principles above, reference will only be made to the number of Excess Rights Shares being applied for in the relevant EAFs, and no reference will be made to the Rights Shares comprised in applications through PAL or the existing number of Shares held by the relevant Qualifying Shareholders; and no preference will be given to applications for topping up odd lots.

Shareholders whose Shares are held by a nominee (or held through CCASS) should note that the Board will regard such nominee (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, the aforesaid arrangement for allocation of Excess Rights Shares by the Company may not be extended to the beneficial owners individually. Beneficial owners whose Shares are held by a nominee (or held through CCASS) are advised to consider whether they would like to arrange for the registration of their Shares in their own names on or prior to the Last Day for Transfer.

Share certificates and refund cheques for the Rights Issue

Subject to fulfilment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered addresses, at their own risks, on or before Tuesday, 29 November 2022. Refund cheques in respect of wholly or partially unsuccessful applications for Excess Rights Shares, or for refunds if the Rights Issue does not proceed, are expected to be despatched on or before Tuesday, 29 November 2022 to the applicants without interest to their registered addresses by ordinary post at their own risks.

Stamp duty and taxation

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

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, holding, subscription, disposing of or dealing in the nil-paid Rights Shares or the fully-paid Rights Shares.

Application for listing

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms. No securities of the Company in issue or the Rights Shares for which listing or permission to deal is to be sought is listed or dealt in on any other stock exchange. Rights Shares in both their nil-paid and fully-paid forms will be traded in board lots of 1,000 Shares.

Admission of Rights Shares into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms are expected to 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 both 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 CCASS and CCASS Operational Procedures in effect from time to time. Shareholders whose Shares are held through CCASS should seek advice from their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

CONDITIONS OF THE RIGHTS ISSUE

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

- (i) the delivery to the Stock Exchange and filing and registration with the Registrar of Companies in Hong Kong no later than the Prospectus Posting Date of the Prospectus Documents and other documents in compliance with the Companies (WUMP) Ordinance and otherwise complying with the requirements of the Listing Rules and the Companies (WUMP) Ordinance;
- (ii) the posting of the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date; and
- (iii) the Listing Committee of the Stock Exchange granting or agreeing to grant and not having withdrawn or revoked the listing of and permission to deal in all the Rights Shares (in their nil-paid and fully-paid forms) before the first day of dealings of the Rights Shares in their nil-paid forms, i.e. Tuesday, 8 November 2022.

If all of the above conditions are not fulfilled by Monday, 28 November 2022, the Rights Issue will not proceed.

CLOSURE OF REGISTER OF MEMBERS OF THE COMPANY

The register of members of the Company will be closed from Monday, 31 October 2022 to Friday, 4 November 2022 (both days inclusive) for determining the entitlements to the Rights Issue during which period no transfer of Shares will be registered.

INDICATIVE TIMETABLE FOR THE RIGHTS ISSUE

Events	Hong Kong Date and Time 2022
Date of this announcement	Thursday, 20 October
Last day of dealings in Shares on a cum-rights basis	Wednesday, 26 October
First day of dealings in Shares on an ex-rights basis	Thursday, 27 October
Latest time for lodging transfers of Shares on the Last Day for Transfer in order to qualify for the Rights Issue	4:30 p.m. on Friday, 28 October
Closure of register of members for determining entitlements under the Rights Issue	Monday, 31 October to Friday, 4 November (both days inclusive)
Record Date for determining entitlements under the Rights Issue	Friday, 4 November
Despatch of the Prospectus Documents (including the PAL, EAF and Prospectus) (in case of the Non-Qualifying Shareholders, the Prospectus only) on the Prospectus Posting Date	Monday, 7 November
First day of dealings in nil-paid Rights Shares	Wednesday, 9 November
Latest time for splitting of nil-paid Rights Shares	4:30 p.m. on Friday, 11 November
Last day of dealings in nil-paid Rights Shares	Wednesday, 16 November
Latest Time for Acceptance of and payment for Rights Shares and application and payment for Excess Rights Shares	4:00 p.m. on Monday, 21 November
Announcement of the results of the Rights Issue	Monday, 28 November

Events

Despatch of Share certificates for the fully-paid

Rights Shares and/or refund cheques on or before Tuesday, 29 November

Commencement of dealings in fully-paid

Rights Shares Wednesday, 30 November

All times in this announcement refer to Hong Kong local times. Dates specified above are indicative only and may be varied by the Company. If there is any change to the above indicative timings, an announcement will be made by the Company as and when appropriate.

Effect of bad weather on the latest time for acceptance of and payment for Rights Shares and application and payment for Excess Rights Shares

The latest time for acceptance of and payment for Rights Shares and application and payment for Excess Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, a “black” rainstorm warning signal and/or extreme conditions caused by a super typhoon is:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Monday, 21 November 2022. Instead, the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Monday, 21 November 2022. Instead, the latest time for acceptance of and payment for the Rights Shares and for application and payment for Excess 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 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 and for application and payment for Excess Rights Shares does not take place on Monday, 21 November 2022, the dates mentioned in the timetable section above may be affected. The Company will notify the Shareholders by way of announcement of any change to the timetable as soon as practicable.

THE IRREVOCABLE UNDERTAKING

As at the date of this announcement, the Board has not received any information or irrevocable undertaking from any substantial Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them, save for the Irrevocable Undertaking given by Ms. Lam, the Chairman, Chief Executive Officer of the Company and an Executive Director, who is interested directly and through controlled corporations in an aggregate of 498,235,500 Shares (representing approximately 52.58% of all issued Shares as at the date hereof).

Pursuant to the Irrevocable Undertaking, Ms. Lam irrevocably undertook with the Company that (i) she will, and will procure her controlled corporations to, subscribe for an aggregate of 249,117,750 Rights Shares which comprise the full acceptance of their aggregate provisional entitlement in respect of the 498,235,500 Shares beneficially held by them (provided that the subscription by any one or more of Ms. Lam and/or her controlled corporation(s) of the entire 249,117,750 Rights Shares will constitute fulfilment of such undertaking); and (ii) she will not, and will procure her controlled corporations not to, dispose of any of the 498,235,500 Shares comprising their current shareholding in the Company, and such Shares will remain beneficially owned by them, up to and including the date of completion of the Rights Issue or the date on which the Company announces that the Rights Issue will not proceed, whichever is earlier.

EFFECT OF THE RIGHTS ISSUE ON SHAREHOLDINGS IN THE COMPANY

For illustration purpose only, the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Rights Issue assuming (a) all Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full; or (b) none of the Qualifying Shareholders other than Ms. Lam and her controlled corporations have taken up their respective entitlements of the Rights Shares and applied for all Excess Rights Shares, and assuming no new Shares will be issued before completion of the Rights Issue other than the Rights Shares, are expected to be as follows:

	(i) As at the date of this announcement		(ii) Immediately after completion of the Rights Issue assuming all Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full		(iii) Immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders other than Ms. Lam and her controlled corporations have taken up their respective entitlement of the Rights Shares and applied for all Excess Rights Shares	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
<i>Ms. Lam and her controlled corporations:</i>						
Rich Promise Limited (Note 1)	472,200,000	49.83	708,300,000	49.83	921,214,705	64.81
Honorman Limited (Note 1)	19,003,000	2.01	28,504,500	2.01	37,072,942	2.61
Novel Voyage Development Limited (Note 2)	1,500,000	0.16	2,250,000	0.16	2,926,349	0.21

	(i) As at the date of this announcement		(ii) Immediately after completion of the Rights Issue assuming all Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full		(iii) Immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders other than Ms. Lam and her controlled corporations have taken up their respective entitlement of the Rights Shares and applied for all Excess Rights Shares	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Lam Wai Shan, Vanessa (Note 3)	5,532,500	0.58	8,298,750	0.58	10,793,351	0.76
Sub-total:	498,235,500	52.58	747,353,250	52.58	972,007,347	68.39
Wan Edward Yee Hwa (Note 4)	610,000	0.06	915,000	0.06	610,000	0.04
Public Shareholders	448,698,195	47.36	673,047,292	47.36	448,698,195	31.57
Total:	947,543,695	100.00	1,421,315,542	100.00	1,421,315,542	100.00

Notes:

- (1) Rich Promise Limited is owned as to 99.99% by Honorman Limited, which in turn is owned as to 51% by Ms. Lam, thus both Rich Promise Limited and Honorman Limited constitute Ms. Lam's controlled corporations and Ms. Lam is deemed to be interested in the Shares held by such controlled corporations.
- (2) Novel Voyage Development Limited is owned as to 50% by Ms. Lam and thus constitutes Ms. Lam's controlled corporation and Ms. Lam is deemed to be interested in the Shares held by such controlled corporation.
- (3) Ms. Lam is the Chairman, Chief Executive Officer of the Company and an Executive Director.
- (4) Mr. Wan Edward Yee Hwa is an Executive Director.
- (5) Certain figures included in the above tables have been subject to rounding adjustments. Accordingly, figures shown as totals or sub-totals may not represent precise arithmetic aggregations. The respective post-completion shareholdings and percentages, including those of Ms. Lam and her controlled corporations, as shown above are indicative only and will be subject to the final figures to be announced by the Company upon completion of the Rights Issue.

INFORMATION ON THE GROUP

The principal businesses of the Group are garment and related accessories business, property investment and letting business and treasury management.

REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

Against the backdrop of a global trend of interest rates hike and continued volatility in the financial markets and taking into account the Group's capital requirements and savings in underwriting costs by conducting the Rights Issue on a non-underwritten basis, the Directors have weighted the costs, benefits and timings of different types of fund-raising alternatives available to the Group and the possible impacts on the interests of Shareholders and consider the Rights Issue to be currently the preferred means for the Group to enhance its financial position without increasing its gearing or finance costs. The Board believes that the enhanced capital position of the Company from the Rights Issue will provide the Group with immediate financial resources to navigate the times ahead, while at the same time allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company. Compared with other fund-raising alternatives, the Rights Issue will provide each and every Qualifying Shareholders with the opportunity to participate in the future development of the Group without material dilution of their interest in the Company. On the other hand, the Rights Issue also allows the Qualifying Shareholders the flexibility to sell off some or all of their rights entitlements in the open market (subject to the market demand) and realise the cash value therefrom.

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\$42.6 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\$0.09.

The net proceeds from the Rights Issue are currently intended to be applied as to (i) approximately half of the net proceeds for repayment of bank borrowings; and (ii) the remaining amount for business development and general working capital of the Company, including for renovation of new retail shops and in day-to-day operations of the Group. The Company considers that net proceeds from the Rights Issue would enable the Group to reduce its interest expenses by repayment of part of its bank loans. Such cash resources will also equip the Group with a timely and robust funding position to secure favourable opportunities, including obtaining new leases and/or lease extensions, at the juncture prior to possible rebound in economic activities and consumer spending that may result from any further easing of pandemic related restrictions. The net proceeds from the Rights Issue should also help cushion against increases in interest expenses that may result from any further tightening of monetary policies in the near future. The Company will update Shareholders on the use of proceeds as appropriate in accordance with the Listing Rules.

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 Directors believe that the Rights Issue is in the interests of the Group and the Shareholders as a whole for the reasons stated above.

PREVIOUS FUND-RAISING EXERCISE BY THE COMPANY

During the 12 months immediately preceding the date of this announcement, the Company had not conducted any equity fund-raising activity.

LISTING RULES IMPLICATIONS

As the Rights Issue will not increase either the total number of issued Shares or the market capitalisation of the Company by more than 50%, the Rights Issue is not subject to the approval of the Shareholders pursuant to Rule 7.19A of the Listing Rules.

The Rights Issue is in compliance with the theoretical dilution limit under Rule 7.27B of the Listing Rules.

The Prospectus Documents containing further details of the Rights Issue are expected to be despatched to the Qualifying Shareholders on or around Monday, 7 November 2022.

RISKS OF DEALING IN SHARES AND RIGHTS SHARES

The Rights Issue is subject to the fulfilment of conditions including the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. If the conditions to the Rights Issue are not fulfilled, the Rights Issue will not proceed.

Any Shareholder or other person dealing in Shares and/or Rights Shares up to the date on which all the conditions of the Rights Issue are fulfilled will accordingly bear the risk that the Rights Issue may not proceed.

Subject to the fulfilment of conditions, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full and Non-Qualifying Shareholders, if any, should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the size of the Rights Issue.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the Rights Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms will have the meanings respectively ascribed below:

“Board”	the board of Directors
“Business Day”	a day on which banks in Hong Kong are generally open for business (other than a Saturday, Sunday, public holiday 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 “extreme conditions” caused by a super typhoon or 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)
“CCASS”	the Central Clearing and Settlement System operated by HKSCC
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”	Crocodile Garments Limited (鱷魚恤有限公司), a company incorporated in Hong Kong with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 122)
“controlled corporation(s)”	has the same meaning as ascribed under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Director(s)”	the director(s) of the Company
“EAF(s)”	the excess application form(s) to be issued to the Qualifying Shareholders to apply for Excess Rights Shares
“Excess Rights Shares”	any Rights Shares provisionally allotted but not subscribed for prior to the Latest Time for Acceptance, any entitlements not provisionally allotted to any Non-Qualifying Shareholders, and any Rights Shares created from the aggregation of fractions
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Irrevocable Undertaking”	the irrevocable undertaking executed by Ms. Lam, the Chairman and Chief Executive Officer of the Company and an Executive Director, pursuant to which Ms. Lam irrevocably undertook to the Company that her assured entitlements to Rights Shares and those of her controlled corporations will be taken up in full
“Last Day for Transfer”	28 October 2022, or such other date as the Company may determine, being the last date for lodging transfer of Shares prior to the closure of the register of members of the Company
“Last Trading Day”	Thursday, 20 October 2022, being the date of this announcement and the last full trading day of the Shares on the Stock Exchange immediately preceding the publication of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Monday, 21 November 2022, or such other time and date as the Company may determine, being the latest time and date for acceptance of and payment for the Rights Shares and application for and payment for Excess Rights Shares
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Ms. Lam”	Ms. Lam Wai Shan, Vanessa, the Chairman, Chief Executive Officer of the Company and an Executive Director
“Non-Qualifying Shareholder(s)”	the Overseas Shareholder(s) in respect of whom the Board, after making reasonable enquiries with the legal advisers in the relevant jurisdictions, considers it necessary or expedient not to offer the Rights Shares to such Overseas Shareholder(s) on account either of legal restrictions or prohibitions under the laws of the relevant jurisdictions or the requirements of the relevant regulatory body or stock exchange in such jurisdictions
“Overseas Shareholder(s)”	the Shareholder(s) whose registered address(es) as shown in the register of members of the Company as at the close of business on the Record Date is/are outside Hong Kong

“PAL(s)”	the provisional allotment letter(s) for the Rights Shares to be issued to the Qualifying Shareholders in respect of their entitlements under the Rights Issue
“Prospectus Posting Date”	Monday, 7 November 2022, or such other date as the Company may determine, for the despatch of the Prospectus Documents
“Prospectus”	the prospectus to be issued by the Company in connection with the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL and the EAF to be issued by the Company
“Qualifying Shareholder(s)”	Shareholder(s), whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date, other than the Non-Qualifying Shareholder(s)
“Record Date”	Friday, 4 November 2022, or such other date as the Company may determine, being the date by reference to which entitlements of the Shareholders to participate in the Rights Issue will be determined
“Registrar”	Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, being the Company’s share registrar and transfer office
“Rights Issue”	the proposed issue by way of rights of the Rights Shares to the Qualifying Shareholders on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date at the Subscription Price
“Rights Share(s)”	up to 473,771,847 new Shares proposed to be offered to the Qualifying Shareholders for subscription by way of the Rights Issue
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) in the share capital of the Company with no nominal value
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.1 per Rights Share under the Rights Issue

“United States”

the United States of America

“%”

per cent.

By Order of the Board
Crocodile Garments Limited
Lam Wai Shan, Vanessa
Chairman, Executive Director
and Chief Executive Officer

Hong Kong, 20 October 2022

As at the date of this announcement, the Board comprises four Executive Directors, namely Ms. Lam Wai Shan, Vanessa (Chairman and Chief Executive Officer), Dr. Lam Kin Ngok, Peter, Mr. Lam Kin Hong, Matthew and Mr. Wan Edward Yee Hwa; two Non-executive Directors, namely Mr. Chow Bing Chiu and Ms. Lam Suk Ying, Diana; and three Independent Non-executive Directors, namely Messrs. Leung Shu Yin, William (Deputy Chairman), Fung Cheuk Nang, Clement and Woo King Hang.