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**Ngai Shun Holdings Limited**  
**毅信控股有限公司**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock code: 01246)**

**(I) PROPOSED SHARE CONSOLIDATION;  
(II) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL;  
AND  
(III) RIGHTS ISSUE ON THE BASIS OF ELEVEN RIGHTS SHARES  
FOR EVERY TWO CONSOLIDATED SHARES HELD  
ON THE RECORD DATE**

**Underwriter to the Rights Issue**

  
**KINGSTON SECURITIES**

**PROPOSED SHARE CONSOLIDATION**

The Board proposes to implement the Share Consolidation on the basis that every twenty-five (25) issued and unissued Shares of HK\$0.001 each will be consolidated into one (1) Consolidated Share of HK\$0.025 each. The Share Consolidation is conditional upon, among other things, the approval of the Shareholders at the EGM.

**PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

Subject to the Share Consolidation having become effective, the Board proposes to seek the approval by way of ordinary resolution at the EGM by Shareholders of an increase in its authorised share capital from HK\$200,000,000 divided into 8,000,000,000 Consolidated Shares to HK\$400,000,000 divided into 16,000,000,000 Consolidated Shares by creating an additional 8,000,000,000 unissued Consolidated Shares.

## **PROPOSED RIGHTS ISSUE**

Subject to the Share Consolidation having become effective and the approval by the Independent Shareholders at the EGM, the Company proposes to raise HK\$903.87 million, before expenses, by way of the Rights Issue of 5,478,000,000 Rights Shares to the Qualifying Shareholders at the Subscription Price of HK\$0.165 per Rights Share on the basis of eleven (11) Rights Shares for every two (2) Consolidated Shares held on the Record Date. Qualifying Shareholders may apply for Rights Shares in excess of their respective provisional allotment under the Rights Issue. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Excluded Shareholders.

The estimated net proceeds from the Rights Issue after deducting all necessary expenses are estimated to be approximately HK\$880 million, which are intended to be used (i) as to approximately HK\$420 million for repayment of the debt of the Group and (ii) the remaining balance of approximately HK\$460 million for the Proposal Acquisition.

The Directors has been monitoring the financial position of the Group and may consider restructure its debt structure. As at the date of this announcement, the Property Loan and the Property PN amount to approximately HK\$1,025 million. Therefore, based on the above information, it is intended that the amount of HK\$420 million will be used for the repayment of the debt of the Group. Nevertheless, if the financial pressure of the Group is mitigated or the liquidity of the Group is improved, the Directors intend to utilise the remaining proceeds (if any) of the abovementioned HK\$420 million for the Proposed Acquisition and/or the Possible Acquisitions.

If the Proposed Acquisition does not proceed, the amount of approximately HK\$460 million will be used for the Possible Acquisitions. In the event that none of the above business opportunities materialises, the Directors intend to apply the proceeds of approximately HK\$460 million from the Rights Issue for the repayment of the debt of the Group to reduce the gearing level of the Group. The net subscription price is estimated to be approximately HK\$0.161 per Rights Share.

## **LISTING RULES IMPLICATIONS**

As the Rights Issue will increase the issued share capital of the Company by more than 50%, under Rule 7.19(6) of the Listing Rules, the Rights Issue is subject to approval of the Independent Shareholders at the EGM by a resolution on which any controlling Shareholders 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 Rights Issue. Since there is no controlling Shareholder as at the date of this announcement, 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 Rights Issue in accordance with Rule 7.19(6) of the Listing Rules. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Directors or the chief executive of the Company have interest in the Shares or underlying securities of the Company.

As at the date of this announcement, none of the Underwriter and its respective close associates have any shareholding interest in the Company. In the event that the Underwriter and any of the sub-underwriters have shareholding interest in the Company, it/they is/are required to abstain from voting on the resolution(s) approving the Rights Issue and the Underwriting Agreement at the EGM.

## **GENERAL**

The Independent Board Committee, comprising all the independent non-executive Directors, will be established to provide recommendation to the Independent Shareholders in connection with the Rights Issue. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue.

A circular containing, among other things, (i) further details of the Share Consolidation; (ii) the Increase in authorised share capital; (iii) further details of the Rights Issue; (iv) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (v) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue; and (vi) a notice convening the EGM will be despatched by the Company to the Shareholders on or before Wednesday, 20 April 2016.

Subject to the fulfillment of certain conditions of the Rights Issue including the approval of the Independent Shareholders at the EGM, the Company will despatch the Prospectus Documents containing, among other matters, details of the Rights Issue, to the Qualifying Shareholders. The Company will despatch the Prospectus to the Excluded Shareholders for their information only but the Company will not send the PAL and EAF to the Excluded Shareholders.

## **WARNING OF THE RISKS OF DEALING IN THE SHARES AND CONSOLIDATED SHARES**

**The Rights Issue is subject to, among other things, the fulfillment of the conditions set out in the paragraph headed “Conditions of the Rights Issue” below. In particular, it is subject to the Underwriting Agreement not being terminated in accordance with its terms. Accordingly, the Rights Issue may or may not proceed.**

**Shareholders should note that the Shares and/or the Consolidated Shares will be dealt in on an ex-entitlement basis commencing from Wednesday, 11 May 2016 and that dealings in the Shares and/or the Consolidated Shares will take place while the conditions to which the Underwriting Agreement is subject to remain unfulfilled. Any Shareholder or other person dealing in the Shares and/or the Consolidated Shares from the date of this announcement 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 become unconditional or may not proceed. Any Shareholder or other person contemplating any dealings in the Shares and/or the Consolidated Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional advisers.**

## **(I) PROPOSED SHARE CONSOLIDATION**

The Board proposes to implement the Share Consolidation on the basis that every twenty-five (25) issued and unissued Shares of HK\$0.001 each will be consolidated into one (1) Consolidated Share of HK\$0.025 each.

### **Conditions of the Share Consolidation**

The Share Consolidation is conditional upon the following conditions:

- (i) the passing of the necessary ordinary resolution(s) to approve the Share Consolidation by the Shareholders at the EGM;
- (ii) the Stock Exchange granting approval to the listing of, and the permission to deal in, the Consolidated Shares to be issued upon the Share Consolidation becoming effective; and
- (iii) the compliance with the relevant procedures and requirements under the Cayman Islands law (where applicable) and the Listing Rules to effect the Share Consolidation.

The Share Consolidation will become effective on the next business day immediately following the fulfillment of the above conditions.

### **Effects of the Share Consolidation**

As at the date of this announcement, the authorised share capital of the Company amounted to HK\$200,000,000 divided into 200,000,000,000 Shares, of which 24,900,000,000 Shares had been allotted and issued as fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective and on the basis that no further Shares will be allotted and issued or bought back prior thereto, the authorised share capital of the Company will become HK\$200,000,000 divided into 8,000,000,000 Consolidated Shares of HK\$0.025 each, of which 996,000,000 Consolidated Shares will be in issue, which are fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective, the Consolidated Shares will rank *pari passu* in all respects with each other in accordance with the articles of association of the Company. Other than the expenses, including the professional fees and printing charges, to be incurred in relation to the Share Consolidation, the implementation thereof will have no effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business operations, management or financial position of the Group or result in any change in the rights of the Shareholders, save for any fractional Consolidated Shares to which the Shareholders may be entitled.

### **Reasons for the Share Consolidation**

The Share Consolidation will increase the nominal value of the Shares. It is expected that the Share Consolidation would bring about corresponding upward adjustments in the trading price of the Consolidated Shares. In addition, the Share Consolidation will increase the market value per board lot of the Shares, which will reduce the overall

transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot. The Board therefore believes that the Share Consolidation is in the interests of the Company and the Shareholders as a whole.

### **Application for listing of the Consolidated Shares**

Application will be made to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Consolidated Shares to be issued upon the Share Consolidation becoming effective. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC. The Share Consolidation will be conducted in accordance with the provisions of the Articles of Association.

No part of the securities of the Company is listed or dealt in on any other stock exchange, or on which listing or permission to deal is being or is proposed to be sought.

### **Fractional Consolidated Shares and odd lots arrangements**

Fractional Consolidated Shares will not be issued by the Company to the Shareholders. Any fractional entitlements of the Consolidated Shares will be aggregated, sold and retained for the benefit of the Company, if feasible and applicable. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of share certificates held by such holder.

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Share Consolidation, the Company will appoint a designated broker to provide matching services for the sale and purchase of odd lots of the Consolidated Shares at the relevant market price per Consolidated Share for Shareholders on a best efforts basis during the period from 9:00 a.m. on Tuesday, 24 May 2016 to 4:00 p.m. on Tuesday, 14 June 2016 (both dates inclusive). Further details in respect of the odd lots matching arrangement will be set out in the Prospectus to be despatched by the Company to the Shareholders.

Holders of odd lots of the Consolidated Shares should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares are not warranted. Any Shareholder who is in any doubt about the odd lots arrangements is recommended to consult his/her/its own professional advisers.

### **Exchange of Share certificates**

Should the Share Consolidation become effective, which is currently expected to be Tuesday, 10 May 2016, Shareholders may, during the period from Tuesday, 10 May 2016 to Thursday, 16 June 2016 (both days inclusive), submit the existing share certificates for the Shares to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong to exchange, at the expense of the Company, for new share certificates for the Consolidated Shares. Thereafter, the existing share certificates will remain effective as documents of title and may be exchanged only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) per existing share certificate cancelled or new share certified issued (whichever is the higher) by Shareholders but are not acceptable for trading, settlement and registration upon the Share Consolidation becoming effective.

## **No change in board lot size**

The Shares are currently traded in a board lot of 20,000 Shares. Upon the Share Consolidation becoming effective, the board lot size of the Consolidated Shares for trading on the Stock Exchange will remain at 20,000 Consolidated Shares.

Based on the closing price of HK\$0.016 per Share (equivalent to HK\$0.4 per Consolidated Share) on the Last Trading Day, the value of each board lot of 20,000 Consolidated Shares, assuming that the Share Consolidation had already been effective, would be HK\$8,000.

## **(II) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL**

Subject to the Share Consolidation having become effective, the Board proposes to seek the approval by way of ordinary resolution at the EGM by Shareholders of an increase in its authorised share capital from HK\$200,000,000 divided into 8,000,000,000 Consolidated Shares to HK\$400,000,000 divided into 16,000,000,000 Consolidated Shares by creating an additional 8,000,000,000 unissued Consolidated Shares.

## **(III) PROPOSED RIGHTS ISSUE**

Subject to the Share Consolidation having become effective and the approval by the Independent Shareholders at the EGM, the Company proposes to raise HK\$903.87 million (before expenses) on the basis of eleven (11) Rights Shares for every two (2) Consolidated Shares held on the Record Date, by issuing 5,478,000,000 Rights Shares at the Subscription Price of HK\$0.165 per Rights Share.

On 24 March 2016 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriter in respect of the Rights Issue and further details of the Rights Issue are set out below:

### **Issue statistics**

Basis of the Rights Issue	:	Eleven (11) Rights Shares for every two (2) Consolidated Shares held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.165 per Rights Share
Number of Shares in issue at the date of this announcement	:	24,900,000,000 Shares
Number of Consolidated Shares expected to be in issue as at the Record Date	:	996,000,000 Consolidated Shares
Number of Rights Shares	:	5,478,000,000 Rights Shares
Underwriter	:	Kingston Securities Limited
Enlarged issued share capital upon completion of the Share Consolidation and the Rights Issue	:	6,474,000,000 Consolidated Shares

In selecting the underwriter, the Company takes into account whether the underwriter is able to and commits to procure subscribers to subscribe for and/or sub-underwriters to underwrite for the Underwritten Shares at the proposed Subscription Price, so that the Company would raise sufficient funds for its business plan. Prior to the entering into of the Underwriting Agreement, the Company has approached about five financial institutions and/or banks to explore the possibility of fund raising by way of debt and/or equity (including rights issue). Save for the Underwriter, none of the other financial institutions and/or banks are willing to proceed further negotiation given that the size of fund raising is substantially large. Finally, only the Underwriter agrees to be the sole underwriter to the Rights Issue.

Based on the existing issued share capital of the Company and assuming the Share Consolidation becomes effective and no further Shares will be issued or bought back by the Company on or before the Record Date, a total of 5,478,000,000 Rights Shares will be provisionally allotted under the Rights Issue, representing 550% of the existing issued share capital of the Company and 84.62% of the issued share capital of the Company as enlarged by the issue of the Rights Shares. The Rights Issue is subject to the approval by the Independent Shareholders at the EGM and the Share Consolidation having become effective.

As at the date of this announcement, the Company has no outstanding options, derivatives, warrants, conversion rights or other similar rights entitling holders thereof to subscribe for or convert into or exchange for new Shares or new Consolidated Shares (as the case may be).

### **Qualifying Shareholders**

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company as at the close of business on the Record Date and not be an Excluded Shareholder. In order to be registered as members of the Company prior to the close of business on the Record Date, all transfers of the Shares (together with the relevant share certificate(s) and/or instrument(s) of transfer) must be lodged with the Company's branch share registrars in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. (Hong Kong time) on Thursday, 12 May 2016. It is expected that the last day of dealings in the Shares on a cum-rights basis is Tuesday, 10 May 2016 and the Shares will be dealt in on an ex-rights basis from Wednesday, 11 May 2016.

Subject to the Share Consolidation having become effective, the passing of the resolution to approve the Rights Issue by the Independent Shareholders at the EGM and the registration of the Prospectus Documents in accordance with the applicable laws and regulations, the Company will send the Prospectus Documents, including the Prospectus, the PAL and the EAF, to the Qualifying Shareholders. The Company will send the Prospectus to the Excluded Shareholders (if any) for their information only.

### **Rights of Overseas Shareholders (if any)**

The Prospectus Documents to be issued in connection with the Rights Issue will not be registered or filed under the securities legislation of any jurisdiction other than Hong Kong.

The Company will comply with Rule 13.36 of the Listing Rules and make enquiries regarding the feasibility of extending the offer of the Rights Shares to Overseas Shareholders. If based on legal opinions provided by the legal adviser to the Company, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place of registered address or the requirements of the relevant overseas regulatory body or stock exchange in that place, no provisional allotment of nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders. The basis for excluding the Excluded Shareholders, if any, from the Rights Issue will be set out in the Prospectus to be issued.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence and in any event before the last day for dealing in the nil-paid Rights Shares, if a premium (net of expenses) can be obtained. The net proceeds of such sale, less expenses, will be paid pro rata to the Excluded Shareholders in Hong Kong dollars as soon as practicable except that the Company will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlements of the Excluded Shareholders will be made available for excess application by the Qualifying Shareholders. For the avoidance of doubt, the Excluded Shareholders (if any) will be entitled to vote at the EGM.

#### **Closure of register of members**

For the purpose of determining the entitlement to the Rights Issue, the register of members of the Company will be closed from Friday, 13 May 2016 to Thursday, 19 May 2016 (both dates inclusive) and no transfer of Shares will be registered during such period.

#### **Subscription Price**

The Subscription Price is HK\$0.165 per Rights Share, payable in full by the Qualifying Shareholders upon acceptance under the PAL(s) or the EAF. The Subscription Price represents:

- (i) a discount of approximately 58.75% to the theoretical closing price of HK\$0.4 per Consolidated Share, based on the Last Trading Day and adjusted taking into account the effect of the Share Consolidation;
- (ii) a discount of approximately 58.75% to the average of the theoretical closing prices of approximately HK\$0.4 per Consolidated Share, based on the closing price of HK\$0.016 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day and adjusted taking into account the effect of the Share Consolidation; and
- (iii) a discount of approximately 17.97% to the theoretical ex-rights price of approximately HK\$0.201 per Consolidated Share, based on the closing price of HK\$0.4 per Consolidated Share as quoted on the Stock Exchange on the Last Trading Day and adjusted taking into account the effect of the Share Consolidation.



The Subscription Price was arrived at after arm's length negotiations between the Company and the Underwriter with reference to the market price of the Shares under the prevailing market conditions, the financial position of the Company and the business prospect of the Company.

In view of the current uncertainties and low market sentiment in the financial market in Hong Kong, the Company has encountered difficulties to secure potential investors to invest in the securities of the Company, nor can it secure further banking support. As disclosed above, the Company could only manage to secure the Underwriter as the sole underwriter to the Rights Issue. Given that the maximum underwriting amount is about HK\$1,000 million is a quite substantial amount taking into account of the Company's financial condition, the Underwriter requests for a relatively deep discount of the subscription price. Hence, the Subscription Price is finally determined at HK\$0.165 per Rights Share. As the Company is in need of about HK\$1,000 million to fund its acquisitions and repayment of certain debts (details of which is disclosed in the paragraphs under "Reasons for the Rights Issue and intended use of proceeds"), and the Subscription Price is HK\$0.165 per Rights Shares, the basis for the Rights Issue is set at the subscription rate of eleven (11) Rights Shares for two (2) Consolidated Shares.

The Directors (other than the independent non-executive Directors who will express their views on the Rights Issue after taking into account the advice of the independent financial adviser) also consider that the relative deep discount also help to encourage and attract Qualifying Shareholders to invest in the Company and participate in Rights Issue. Besides, the historical trading prices of the Shares showed a downward trend during the three months and twelve months before 24 March 2016 (i.e. from 24 December 2015 to 23 March 2016 and from 24 March 2015 to 23 March 2016 respectively). The table below shows the highest and lowest closing prices of the Shares in the past (a) twelve months and (b) three months immediately preceding 24 March 2016:

<b>12 months</b>	<b>Date</b>	<b>Closing price per Share (HK\$)</b>	<b>Equivalent to per Consolidated Share (HK\$)</b>
Highest	20 July 2015	0.216	5.40
Lowest	21 December 2015, 21 January 2016, 27 January 2016, 28 January 2016, 11 February 2016 and 12 February 2016	0.014	0.35
<b>3 months</b>	<b>Date</b>	<b>Closing price per Share (HK\$)</b>	<b>Equivalent to per Consolidated Share (HK\$)</b>
Highest	23 December 2015	0.02	0.50
Lowest	21 January 2016, 27 January 2016, 28 January 2016, 11 February 2016 and 12 February 2016	0.014	0.35

In this regard, the Directors consider that the Subscription Price is set at a discount with an objective to lower the further investment cost of the Shareholders, to encourage them to take up their entitlements and to participate in the potential growth of the Company. In order to increase the attractiveness of the Rights Issue to the Qualifying Shareholders, the Directors consider that the proposed discount of the Subscription Price to the market price is appropriate.

Given that each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its existing shareholding in the Company, the Directors (other than the independent non-executive Directors who will express their views on the Rights Issue after taking into account the advice of the independent financial adviser) consider that the terms of the Rights Issue and the Subscription Price are fair and reasonable and in the interest of the Company and the Shareholders as a whole. The net price per Rights Share will be approximately HK\$0.161.

### **Basis of provisional allotments**

The Rights Shares will be allotted on the basis of eleven (11) Rights Share for every two (2) Consolidated Shares held by the Qualifying Shareholders at the close of business on the Record Date. Acceptances of all or any part of a Qualifying Shareholder's provisional allotment can be made only by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for by the latest time for acceptance of the Rights Issue, i.e. by 4:00 p.m. on Friday, 3 June 2016.

### **Fractions of Rights Shares**

The Company will not provisionally allot to and will not accept applications for any fractions of Rights Shares from Qualifying Shareholders. Fractional entitlements will be rounded down to the nearest whole number of Rights Shares. Such fractional entitlements will be aggregated and the fractions of nil-paid Rights Shares shall be provisionally allotted to a nominee of the Company. The Company shall procure such nominee, if possible, to sell all the fractions of the nil-paid Rights Shares in the market and the net proceeds of such sales, after deduction of expenses, will be aggregated and an equivalent amount will accrue for the benefit of the Company.

### **Status of the Rights Shares**

The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the then Consolidated Shares 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 on or after the date of allotment and issue of the fully-paid Rights Shares.

### **Application for the Rights Shares**

The PALs and the EAFs relating to the Rights Shares will be enclosed with the Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Rights Shares as shown therein by completing such form(s) and lodging the same with separate remittance for the Rights Shares being applied for with the branch share registrar of the Company by the latest time for acceptance.

## **Application for excess Rights Shares**

Qualifying Shareholders shall be entitled to apply for (i) the Rights Shares representing the entitlement of the Excluded Shareholders and which cannot be sold at a net premium; and (ii) any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders. Application may be made by completing the EAF for excess Rights Shares and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Board will allocate the excess Rights Shares at its discretion, but on a fair and equitable basis as far as practicable on the following principles:

- (i) preference will be given to applications for less than a board lot of Rights Shares where it appears to the Directors that such applications are made to round up odd-lot holdings to whole-lot holdings and that such applications are not made with intention to abuse the mechanism; and
- (ii) subject to availability of excess Rights Shares after allocation under principle (i) above, the excess Rights Shares will be allocated to the Qualifying Shareholders based on a sliding scale with reference to the number of excess Rights Shares available for excess application and the number of the excess Rights Shares applied for by them (i.e. Qualifying Shareholders applying for smaller number of Rights Shares are allocated with a higher percentage of successful application but will receive less number of Rights Shares; whereas Qualifying Shareholders applying for larger number of Rights Shares are allocated with a smaller percentage of successful application but will receive larger number of Rights Shares) and with board lot allocations to be made on a best effort basis. Shareholders with their Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually.

Investors with their Shares held by a nominee company are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. Investors whose Shares are held by their nominee(s) and who would like to have their names registered on the register of members of the Company must lodge all necessary documents with the Company's branch share registrars in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for completion of the relevant registration by 4:30 p.m. (Hong Kong time) on Thursday, 12 May 2016.

## **Certificates for the Rights Shares and refund cheques**

Subject to the fulfillment of the conditions of the Rights Issue as set out in the section headed "Conditions of the Rights Issue" below, certificates for all fully-paid Rights Shares are expected to be posted on or before Tuesday, 14 June 2016 by ordinary post to those entitled thereto at their own risk. If the Underwriting Agreement is terminated or not becoming unconditional, refund cheques will be despatched on or before Tuesday, 14 June 2016 by ordinary post at the respective Shareholders' own risk. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares are also expected to be posted on or about Tuesday, 14 June 2016 by ordinary post at the risk of the Shareholders.

## **Application for listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms. Dealing in the Rights Shares in both their nil-paid and fully-paid forms (both in board lots of 20,000) will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy and any other applicable fees and charges in Hong Kong.

No part of the securities of the Company is listed or dealt in on any other stock exchange other than the Stock Exchange and no such listing or permission to deal is proposed to be sought.

Subject to the grant of 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 will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements will be made to enable the Rights Shares in both their nil-paid and fully-paid forms to be admitted into CCASS.

Qualifying Shareholders who do not take up the Rights Shares to which they are provisionally allotted should note that their shareholdings in the Company will be diluted.

## **Conditions of the Rights Issue**

The Rights Issue is conditional on each of the following conditions being fulfilled:

- (i) the passing by the Independent Shareholders at the relevant EGM of ordinary resolutions to approve (a) the Underwriting Agreement and the transactions contemplated thereunder, including but not limited to the Rights Issue; and (b) the Increase in authorised share capital;
- (ii) the Share Consolidation having become effective;
- (iii) the delivery to the Stock Exchange and 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 Qualifying Shareholders on the Prospectus Posting Date and the posting of the Prospectus and a letter in the agreed form to the Excluded Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;

- (v) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of and permission to deal in all the Rights Shares by no later than the first day of their dealings;
- (vi) the Shares remaining listed on the Stock Exchange at all times prior to the Latest Time for Termination and the listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than ten (10) trading days at any time prior to the latest time for acceptance;
- (vii) the obligations of the Underwriter becoming unconditional and that the Underwriting Agreement is not terminated in accordance with the terms of the Underwriting Agreement;
- (viii) compliance with and performance of all the undertakings and obligations of the Company under the terms of the Underwriting Agreement; and
- (ix) compliance with the requirements under the applicable laws and regulations of Hong Kong and the Cayman Islands.

The conditions set out above are incapable of being waived. If all of the above conditions are not satisfied by 4:00 p.m. (Hong Kong time) on Monday, 6 June 2016, the Latest Time for Termination, or such later date or dates as the Underwriter may agree with the Company in writing, 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, and the Rights Issue will not proceed.

## **UNDERWRITING ARRANGEMENT**

The Rights Shares will be fully underwritten by the Underwriter in accordance with the terms of the Underwriting Agreement as described below.

### **Underwriting Agreement**

Date	:	24 March 2016
Underwriter	:	Kingston Securities Limited
Number of Rights Shares	:	5,478,000,000 Rights Shares
Number of Underwritten Shares	:	up to 5,478,000,000 Rights Shares
Commission	:	the Underwriter will receive a commission in respect of its underwriting of the Rights Issue at 2.5% of the total subscription price of the maximum number of the Underwritten Shares

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Underwriter, its ultimate beneficial owner(s) and its associates are third parties independent of the Company and its connected persons.

## **Underwriting Commission**

The Company will pay the Underwriter an underwriting commission of 2.5% of the aggregate subscription price in respect of the maximum number of the Underwritten Shares and all reasonable legal fees and other reasonable out-of-pocket expenses of the Underwriter in respect of the Rights Issue. The underwriting commission mentioned above shall not be payable if the Underwriting Agreement does not become unconditional or if it is terminated by the Underwriter, but the Company shall pay all reasonable legal fees and other reasonable out-of-pocket expenses of the Underwriter in respect of the Rights Issue. The Directors (including the independent non-executive Directors) consider the terms of the Underwriting Agreement including the commission rates to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **Termination of the Underwriting Agreement**

If, 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):

- (a) in the absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
  - (i) 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 absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
  - (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not *ejusdem generis* with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (b) any 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 absolute 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
- (c) there is any change in the circumstances of the Company or any member of the Group which in the absolute 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 similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or

- (d) 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 which would, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (e) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (f) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of any of the Underwriter, a material omission in the context of the Rights Issue; or
- (g) 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 or circulars in connection with the Rights Issue; or
- (h) the Prospectus when published contains information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may in the absolute opinion of the Underwriter be material to the Group as a whole upon completion of the Rights Issue and is likely to affect materially and adversely the success of the Rights Issue,

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

## SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 24,900,000,000 Shares in issue. The table below depicts the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately upon the Share Consolidation having become effective but before completion of the Rights Issue; (iii) immediately upon the Share Consolidation having become effective and completion of the Rights Issue assuming all Rights Shares are accepted by the existing Shareholders; and (iv) immediately upon the Share Consolidation having become effective and completion of the Rights Issue assuming nil acceptance by the Qualifying Shareholders, and assuming there is no other change in the shareholding structure of the Company since the date of this announcement up to the completion of the Rights Issue, for illustrative purposes only:

	(i)		(ii)		(iii)		(iv)	
	<i>Number of</i>	<i>Approx.</i>	<i>Number of</i>	<i>Approx.</i>	<i>Number of</i>	<i>Approx.</i>	<i>Number of</i>	<i>Approx.</i>
	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>
Fabulous Business Limited	2,650,000,000	10.64	106,000,000	10.64	116,600,000	10.64	106,000,000	1.64
Public Shareholders	22,250,000,000	89.36	890,000,000	89.36	5,785,000,000	89.36	890,000,000	13.75
The Underwriter <i>(note)</i>	—	—	—	—	—	—	5,478,000,000	84.62
<b>Total</b>	<b><u>24,900,000,000</u></b>	<b><u>100.00</u></b>	<b><u>996,000,000</u></b>	<b><u>100.00</u></b>	<b><u>6,474,000,000</u></b>	<b><u>100.00</u></b>	<b><u>6,474,000,000</u></b>	<b><u>100.00</u></b>

*Note:*

As at the date of this announcement, none of the Underwriter and its respective close associates have any shareholding interest in the Company. In circumstances where the Rights Issue were to become unconditional and the Underwriter was obliged to take up Underwritten Shares in their entirety, the underwriting commitment would extend to a stake of approximately 84.62% in the share capital of the Company as enlarged by the issue of the Rights Shares. However, the taking up of 84.62% in the share capital of the Company is for illustration only.

As at the date of this announcement, the Underwriter is in the course of identifying sub-underwriters to sub-underwrite the Underwritten Shares. No binding arrangements are in place as the sub-underwriting agreement(s) will only be executed after the publication of this announcement. Pursuant to the Underwriting Agreement, the Underwriter will use its best endeavours to ensure that (1) such subscribers and/or sub-underwriters are third parties independent of and not connected with the Company, any of the Directors or chief executive or substantial shareholders of the Company or their respective associates; (2) the public float requirements under Rule 8.08 of the Listing Rules be fulfilled by the Company upon completion of the Rights Issue; and (3) itself, the sub-underwriter(s) or each of the ultimate subscribers or purchasers procured by it or the sub-underwriter(s) will not (together with each of the respective parties acting in concert or any of their respective connected persons or associates) hold in aggregate 30% or more of the voting rights of the Company immediately after the Rights Issue.

The Underwriter is and each of the sub-underwriters will be licensed corporation under the SFO and principally carries on regulated activities under the Securities and Futures Ordinance, including but not limited to type 1 (dealing in securities). Hence, the sub-underwriting arrangement is in the ordinary course of business of each of the Underwriter and the sub-underwriters. Further details about the sub-underwriting arrangement will be disclosed in the circular of the Company in respect of the Rights Issue.

Further details of the sub-underwriting arrangement will be disclosed in the circular of the Company in relation to the Rights Issue.



## EXPECTED TIMETABLE

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

Event	2016
Expected despatch date of circular with notice and form of proxy for the EGM . . . . .	20 April, Wednesday
Latest time for lodging forms of proxy for the purpose of the EGM . . . . .	10:00 a.m. on 7 May, Saturday
Expected date and time of the EGM . . . . .	10:00 a.m. on 9 May, Monday
Announcement of poll results of EGM . . . . .	9 May, Monday
Effective date of the Share Consolidation . . . . .	10 May, Tuesday
Dealings in the Consolidated Shares commence . . . . .	9:00 a.m. on 10 May, Tuesday
Original counter for trading in existing Shares in board lots of 20,000 existing Shares (in the form of existing share certificates in blue) temporarily closes . . . . .	9:00 a.m. on 10 May, Tuesday
Temporary counter for trading in Consolidated Shares in board lots of 800 Consolidated Shares (in the form of existing share certificates in blue) opens . . . . .	9:00 a.m. on 10 May, Tuesday
First day for free exchange of existing share certificates for new share certificates in pink for the Consolidated Shares commences . . . . .	10 May, Tuesday
Last day of dealings in Consolidated Shares on a cum-rights basis . . . . .	10 May, Tuesday
First day of dealings in Consolidated Shares on an ex-rights basis . . . . .	11 May, Wednesday
Latest time for the Shareholders to lodging transfer of Consolidated Shares in order to qualify for the Rights Issue . . . . .	4:30 p.m. on 12 May, Thursday
Closure of register of members of the Company (both dates inclusive) . . . . .	13 May, Friday to 19 May, Thursday
Record Date and time for determining entitlements to the Rights Issue . . . . .	4:30 p.m. on 19 May, Thursday
Register of members of the Company re-opens . . . . .	20 May, Friday

Despatch of Prospectus Documents . . . . .	20 May, Friday
Designated broker starts to stand in the market to provide matching service for the sale and purchase of odd lots of Consolidated Shares . . . . .	9:00 a.m. on 24 May, Tuesday
Original counter for trading in Consolidated Shares in board lots of 20,000 Consolidated Shares (in the form of new share certificates in pink) re-opens . . . . .	9:00 a.m. on 24 May, Tuesday
Parallel trading in Consolidated Shares (in the form of both existing certificates in blue in board lots of 800 Consolidated Shares and new certificates in pink in board lots of 20,000 Consolidated Shares) commences . . . . .	9:00 a.m. on 24 May, Tuesday
First day of dealings in nil-paid Rights Shares . . . . .	9:00 a.m. on 24 May, Tuesday
Latest time for splitting nil-paid Rights Shares . . . . .	4:30 p.m. on 26 May, Thursday
Last day of dealings in nil-paid Rights Shares . . . . .	4:00 p.m. on 31 May, Tuesday
Latest time for acceptance of, and payment for, the Rights Shares and the applications for excess Rights Shares . . . . .	4:00 p.m. on 3 June, Friday
Latest time to terminate the Underwriting Agreement and for the Rights Issue to become unconditional . . . . .	4:00 p.m. on 6 June, Monday
Announcement of results of the Rights Issue . . . . .	13 June, Monday
Temporary counter for trading in Consolidated Shares in board lots of 800 Consolidated Shares (in the form of existing share certificates in blue) closes . . . . .	4:00 p.m. on 14 June, Tuesday
Parallel trading in Consolidated Shares (represented by both existing certificates in blue in board lots of 800 Consolidated Shares and new certificates in pink in board lots of 20,000 Consolidated Shares) ends . . . . .	4:00 p.m. on 14 June, Tuesday
Designated broker ceases to stand in the market to provide matching services for the sale and purchase of odd lots of Consolidated Shares . . . . .	4:00 p.m. on 14 June, Tuesday

Refund cheques to be despatched in relation to wholly or partially unsuccessful applications for excess Rights Shares on or before . . . . . 14 June, Tuesday

Certificates for fully paid Rights Shares to be despatched on or before . . . 14 June, Tuesday

Commencement of dealings in fully-paid Rights Shares . . . . . 9:00 a.m. on 15 June, Wednesday

Latest time for free exchange of existing share certificates in blue for the new share certificates in pink for the Consolidated Shares . . . 16 June, Thursday

## **REASONS FOR THE RIGHTS ISSUE AND INTENDED USE OF PROCEEDS**

The Company, through its subsidiaries, is principally engaged in the foundation business, property development and securities investment.

Apart from the acquisition of property project which located in a parcel of land situated on the western shores of 南湖 (Nanhu Lake<sup>#</sup>), Yueyang, Hunan province, the PRC as disclosed in the circular of the Company dated 6 November 2015 and completion of which took place on 24 November 2015, the Company keeps looking for potential acquisition opportunities to develop and strengthen its core businesses in order to enhance the prospect of the Group. As at the date of this announcement, is exploring the potential acquisition that in line with the core business of the Group, no acquisition target has been identified yet.

At the same time, with the view to generating diversified income and additional cashflow for the Group's continuous development, the Company has entered into the Framework Agreement with Mr. Du Changqing, in relation to the Proposed Acquisition of the entire issued share capital of Super Generation Limited, so that the Company may tap into the tourism and cultural market in the PRC through 桂林廣維文華旅遊文化產業有限公司<sup>#</sup> (Guilin Guangwei Wenhua Tourism and Culture Industry Company Limited), a company incorporated in the PRC, which operates the famous and award winning show “印象•劉三姐<sup>#</sup> Impression • Liu Sanjie” in Yangshuo, Guangxi Province, the PRC, as disclosed in the Acquisition Announcement.

In order to finance part of the consideration payable under the Property Acquisition, the Company entered into a loan facility agreement dated 13 October 2015 with an independent third party, pursuant to which the Company was granted the Property Loan in the amount of US\$100 million (equivalent to approximately HK\$780 million). The Property Loan will be repaid by the Company in three tranches in the sum of US\$33,000,000 (equivalent to approximately HK\$257.4 million), US\$33,000,000 (equivalent to approximately HK\$257.4 million) and US\$34,000,000 (equivalent to approximately HK\$265.2 million) on 12 October 2016, 12 April 2017 and 12 October 2017 respectively, all at an interest rate of 11.5% per annum calculated from the date of drawing the loan.

Upon the completion of the Property Acquisition in November 2015, the Company issued the Property PN dated 24 November 2015 in the aggregate principal amount of HK\$245 million to the Property Vendor to satisfy the remaining consideration payable under the Property Acquisition. The Property PN shall expire on the date falling on the 12 months from the date of issue and shall bear an interest rate of 15% per annum. The Company also borrowed the Property Loan in the sum of US\$100,000,000 (equivalent to approximately HK\$780 million)

which bears the interest rate of 11.5% per annum to settlement part of the consideration of the Property Acquisition. As at the date of this announcement, other than the Property Loan and the Property PN, the Group has incurred other loans.

Notwithstanding the view of the Directors that the Group has the financial ability to meet the interest payments on the Property Loan and the Property PN as they fall due, the Directors are mindful of the significant deterioration in economic and credit conditions that have affected the world economies in recent months.

As at the date of this announcement, the Company is conducting due diligence review on the target companies under the Proposed Acquisition and no definitive agreement has been entered into. As disclosed in the Acquisition Announcement, the enterprise value of Super Generation Limited and its subsidiaries and the consideration is expected to be approximately HK\$1,800 million. Furthermore, the entering into of the formal agreement of the Proposed Acquisition is subject to the provision of a fund proof of HK\$1,800 million in cash by the Company. As at the date of this announcement, the cash level of the Company is far below to required fund proof.

Given that the amount HK\$1,800 million is a substantial amount which cannot be generated by the Company in a few months' time from its existing operating activities, and in order to satisfy the said fund proof, the Company will need to identify potential investor(s) who (i) is/are interested in the project under the Proposed Acquisition; and (ii) has/have sufficient financial resources to make such a huge investment, which may not be possible in short period of time. Even if the Company can identify potential investor(s), due to the need to satisfy the substantial amount of consideration, the Company may be requested to make more concessions such as offering a deep discount to the then market price of the Shares (in the case of issue of new Shares) and/or being imposed of a high interest rate (in the case of issue of convertible securities), which would result in the shareholding interests of existing Shareholders being diluted and/or the Company suffering from additional interest burdens. In such circumstances, the Directors consider the Rights Issue, which allow the Shareholder to participate in and causes less potential dilution impact to the existing Shareholders, is a suitable fundraising method for the purpose of financing the Proposed Acquisition even though the Proposed Acquisition is still in the framework agreement stage.

If the Proposed Acquisition does not proceed, the Directors will re-allocate the proceeds for the Possible Acquisitions. In the event that none of the above business opportunities materialises, the Directors intend to apply the proceeds of approximately HK\$420 million from the Rights Issue for repayment of the debts of the Company to reduce its gearing ratio.

Given the uncertain economic outlook in the near to medium term, the Group is well conscious of the risk that the Company may not be able to obtain the necessary funding, either through debt or equity financing or both, to re-finance the Property Loan and the Property PN as and when they fall due. The Directors also considered that it is not desirable to raise funds only when there is immediate need of funds as the cost of fund raising by then may be higher, and/or there are uncertainties as to whether the Group will be able to raise the amount of funding required for its business development by then, which may depend on the then prevailing market sentiments.

The Directors, having taken the prudent approach in evaluating the current financial position of the Group, consider the Rights Issue will allow the Group to (i) strengthen its capital base; (ii) improve its gearing ratio; (iii) remove the uncertainty over the Company's financial position to pay all of the outstanding remaining balance under the Property Loan and the

Property PN; (iv) save the future interest expense in connection with the Property Loan and the Property PN; (v) pursue for potential acquisition opportunities to strengthen its businesses; and (vi) provide an equitable means for the Shareholders to participate in the future development of the Company. In addition, the Directors consider that the Rights Issue will provide additional capital to finance the Possible Acquisition and to strengthen the Group's financial position.

The Directors and the senior management of the Company have also explored other financing methods through discussions with and enquiries to certain financial institutions and placing agents on the possibility of debt financing and equity issuances, including but not limited to share placement and rights issue.

However, in view of the high gearing level of the Company, debt financing would result in the Company being subject to additional interest burden and further increase its gearing ratio and jeopardize the financial structure of the Company. Share placement would only be available to certain places which may cause dilution effect to the existing Shareholders, and, as disclosed in the paragraph under "Issue statistics" above, save and except the Underwriter, the Directors and the senior management were unable to procure underwriting support from other independent underwriters to underwrite a rights issue of a similar size at a reasonable cost to the Company. The Directors considered that it would be more beneficial to the Company to raise long-term equity capital through the Rights Issue rather than the aforesaid alternate means of financing.

Given that each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its existing shareholding in the Company, it will not cause dilution effect if all the Shareholders would have participated in the Rights Issue. Indeed, the Rights Issue provides an exit mechanism to those Shareholders who do not want to participate in the Rights Issue by selling out their nil-paid rights. The availability of excess application for the Rights Shares allows those Shareholders, who want to share more the future development of the Company, to apply for more Rights Shares than their respective entitlements to the Rights Shares. The Directors consider that the Subscription Price is set at a relatively deep discount with an objective to lower the further investment cost of the Shareholders, to encourage them to take up their entitlements and to participate in the potential growth of the Company. In order to increase the attractiveness of the Rights Issue to the Qualifying Shareholders, the Directors (other than the independent non-executive Directors who will express their views on the Rights Issue after taking into account the advice of the independent financial adviser) consider that the proposed discount of the Subscription Price to the market price is appropriate.

The Company is aware that any fund raising activities by way of issuing securities of the Company will cause potential dilution impact to the shareholding of the existing Shareholders. As compare to placing or subscription of new Shares, convertible securities or other underlying securities of the Company or open offer, rights issue will have the least potential dilution impact. Having taken into account that (i) the Rights Issue and the Underwriting Agreement is subject to the Independent Shareholders approval at the EGM; (ii) the Rights Issue provides an exit to the Qualifying Shareholders who elect not accepting the Rights Shares by selling their nil-paid rights in the market for economic benefits, (iii) the Rights Issue allows the Qualifying Shareholders to maintain their shareholding interests in the Company upon completion of the Rights Issue and at the same time can enjoy the relatively deep discount from the subscription of the Rights Shares; and (iv) the Company can raise funds to reduce the gearing ratio and to develop the core and new businesses of the Company without

further increasing its debt liability and further worsening its interest burdens, also as disclosed above, In addition, the Rights Issue is subject to the approval by the Independent Shareholders, the Directors (other than the independent non-executive Directors who will express their views on the Rights Issue after taking into account the advice of the independent financial adviser) consider that the terms of the Rights Issue and the Subscription Price (including the relative deep discount to the market value of the Shares) are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The Underwriting Agreement, in particular, the underwriting obligations of the Underwriter and the number of Underwritten Shares, was determined after arm's length discussion between the Company and the Underwriter. Therefore, the Directors (other than the independent non-executive Directors who will express their views on the Rights Issue after taking into account the advice of the independent financial adviser) consider that the Underwriting Agreement is in the interests of the Company and Shareholders as a whole.

The estimated net proceeds from the Rights Issue after deducting all necessary expenses are estimated to be approximately HK\$887 million, which are intended to be used (i) as to approximately HK\$420 million for repayment of the debt of the Group and (ii) the remaining balance of approximately HK\$460 million for the Proposal Acquisition.

The Directors has been monitoring the financial position of the Group and may consider restructure its debt structure. As at the date of this announcement, the Property Loan and the Property PN amount to approximately HK\$1,025 million. Therefore, based on the above information, it is intended that the amount of HK\$420 million will be used for the repayment of the debt of the Group. Nevertheless, if the financial pressure of the Group is mitigated or the liquidity of the Group is improved, the Directors intend to utilise the remaining proceeds (if any) of the abovementioned HK\$420 million for the Proposed Acquisition and/or the Possible Acquisitions.

If the Proposed Acquisition does not proceed, the amount of approximately HK\$460 million will be used for the Possible Acquisitions. In the event that none of the above business opportunities materialises, the Directors intend to apply the proceeds of approximately HK\$460 million from the Rights Issue for the repayment of the debt of the Group to reduce the gearing level of the Group. The net subscription price is estimated to be approximately HK\$0.161 per Rights Share.

## **FUND RAISING EXERCISES OF THE COMPANY DURING THE PAST 12 MONTHS**

<b>Date of announcement</b>	<b>Fund raising activity</b>	<b>Net proceeds raised (approximately)</b>	<b>Intend use of proceeds</b>	<b>Actual use of proceeds</b>
13 April 2015	Placing of 83,000,000 new Shares under general mandate	HK\$59 million	For general working capital and/or future investment of the Group	For general working capital

Save as disclosed above, the Company had not conducted any other fund raising activities during the past 12 months immediately preceding the date of this announcement.

As at the Latest Practicable Date, save for the Rights Issue, the Company has no intention or plan for fund raising in the next 12 months for its businesses. However, the actual funding need will depend on the development of the Proposed Acquisition or businesses contemplated under the Possible Acquisitions as mentioned in the paragraph headed “Reasons for the Rights Issue and intended use of proceeds” above should they materialise.

## **LISTING RULES IMPLICATIONS**

As the Rights Issue will increase the issued share capital of the Company by more than 50%, under Rule 7.19(6) of the Listing Rules, the Rights Issue is subject to approval of the Independent Shareholders at the EGM by a resolution on which any controlling Shareholders 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 Rights Issue. Since there is no controlling Shareholder as at the date of this announcement, 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 Rights Issue in accordance with Rule 7.19(6) of the Listing Rules. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, none of the Directors and the chief executive of the Company have interest in the Shares or underlying securities of the Company.

As at the date of this announcement, none of the Underwriter and its respective close associates have any shareholding interest in the Company. In the event that the Underwriter and any of the sub-underwriters have shareholding interest in the Company, it/they is/are abstain from voting on the resolution(s) approving the Rights Issue and the Underwriting Agreement at the EGM.

## **GENERAL**

The Independent Board Committee comprising all the independent non-executive Directors will be established to provide recommendation to the Independent Shareholders in connection with the Rights Issue. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue.

A circular containing, among other things, (i) further details of the Share Consolidation; (ii) the Increase in authorised share capital; (iii) further details of the Rights Issue; (iv) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (v) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Rights Issue; and (vi) a notice convening the EGM will be despatched by the Company to the Shareholders on or before Wednesday, 20 April 2016.

Subject to the fulfillment of certain conditions of the Rights Issue including the approval of the Independent Shareholders at the EGM, the Company will despatch the Prospectus Documents containing, among other matters, details of the Rights Issue, to the Qualifying Shareholders. The Company will despatch the Prospectus to the Excluded Shareholders for their information only but the Company will not send the PAL and EAF to the Excluded Shareholders.

## **WARNING OF THE RISKS OF DEALING IN THE SHARES AND CONSOLIDATED SHARES**

The Rights Issue is subject to, among other things, the fulfillment of the conditions set out in the paragraph headed “Conditions of the Rights Issue” below. In particular, it is subject to the Underwriting Agreement not being terminated in accordance with its terms. Accordingly, the Rights Issue may or may not proceed.

Shareholders should note that the Shares and/or the Consolidated Shares will be dealt in on an ex-entitlement basis commencing from Wednesday, 11 May 2016 and that dealings in the Shares and/or the Consolidated Shares will take place while the conditions to which the Underwriting Agreement is subject to remain unfulfilled. Any Shareholder or other person dealing in the Shares and/or the Consolidated Shares from the date of this announcement 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 become unconditional or may not proceed. Any Shareholder or other person contemplating any dealings in the Shares and/or the Consolidated Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional advisers.

## **DEFINITIONS**

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

“Acquisition Announcement”	the announcement of the Company dated 2 December 2015 in relation to the entering into of the Framework Agreement
“acting in concert”	has the meaning ascribed thereto under the Hong Kong Code on Takeovers and Mergers
“Board”	the board of Directors
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Ngai Shun Holdings Limited, a company incorporated in the Cayman Islands and the shares of which are listed on the main board of the Stock Exchange
“Consolidated Share(s)”	the ordinary share(s) of HK\$0.025 each in the issued and unissued share capital of the Company upon the Share Consolidation becoming effective
“CWUMPO”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (as amended from time to time)
“Director(s)”	the director(s) of the Company
“EAF(s)”	the excess application form(s) to be issued in connection with the Rights Issue
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider, among other things, the Rights Issue



“Excluded Shareholders”	the Overseas Shareholder(s) whom the Directors, after making enquiries regarding the legal restrictions under the laws of the relevant place or the requirements of the relevant overseas regulatory bodies or stock exchange, consider it necessary or expedient to exclude them from the Rights Issue
“Framework Agreement”	the framework agreement dated 2 December 2015 entered into between the Company and Mr. Du Changqing in relation to the Proposed Acquisition
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Increase in authorised share capital”	upon the Share Consolidation having become effective, an increase in the authorised share capital of the Company from HK\$200,000,000 divided into 8,000,000,000 Consolidated Shares to HK\$400,000,000 divided into 16,000,000,000 Consolidated Shares by creating an additional 8,000,000,000 unissued Consolidated Shares
“Independent Board Committee”	the independent board committee of the Company and to be constituted by all the independent non-executive Directors for the purpose of giving a recommendation to the Independent Shareholders on the Rights Issue after taking into account the advice of the independent financial adviser
“Independent Shareholders”	the Shareholders who are not required under the Listing Rules to abstain from voting on the resolution approving the Rights Issue at the EGM
“Last Trading Day”	24 March 2016, being the last full trading day of the Shares on the Stock Exchange prior to the release of this announcement
“Latest Time for Termination”	3:00 p.m. on the first business day after the latest time for acceptance of the Rights Issue or such other time as may be agreed between the Company and the Underwriter
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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 register address(es) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Possible Acquisitions”	other possible acquisition opportunities, which are not yet identified as at the date of this Announcement and shall be in line with the core businesses of the Group

“PRC”	the People’s Republic of China, for the purpose of this announcement excludes Hong Kong, Macau Special Administration Region of the PRC and Taiwan
“Property Acquisition”	the acquisition of the entire issued share capital in Double Earn Holdings Limited and all indebtedness, obligations and liabilities due to, owing by its subsidiaries to the Property Vendor thereof pursuant to the sale and purchase agreement dated 29 September 2015 as supplemented by the supplemental agreement dated 4 November 2015 and entered into between the Company and the Property Vendor
“Property Loan”	the loan in the sum of US\$100,000,000 (equivalent to approximately HK\$780 million) drawn by the Company to satisfy party of the consideration under the Property Acquisition pursuant to the loan facility agreement dated 13 October 2015
“Property PN”	the promissory note dated 24 November 2015 in the sum of HK\$245,000,000 issued by the Company to the Property Vendor to satisfy party of the consideration under the Property Acquisition
“Property Vendor”	Landing International Development Limited, a company incorporated in the Cayman Islands and continued in Bermuda, the shares of which are listed on the main board of the Stock Exchange with stock code of 582
“Proposed Acquisition”	the acquisition of the entire issued share capital of Super Generation Limited pursuant to the Framework Agreement
“Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue
“Prospectus Documents”	together, the Prospectus, the PAL and the EAF
“Prospectus Posting Date”	20 May 2016 or such other date as the Underwriter may agree in writing with the Company, being the date of posting of the Prospectus Documents by the Company to the Qualifying Shareholders
“Qualifying Shareholder(s)”	the Shareholder(s) whose name(s) appear on the register of members of the Company as at the close of business on the Record Date, other than those Excluded Shareholders, if any
“Record Date”	19 May 2016, the record date to determine entitlements to the Rights Issue
“Rights Issue”	the issue of 5,478,000,000 Rights Shares at the Subscription Price on the basis of eleven (11) Rights Shares for every two (2) Consolidated Shares held by the Qualifying Shareholders at the close of business on the Record Date payable in full on acceptance
“Rights Share(s)”	the new Consolidated Share(s) to be allotted and issued in respect of the Rights Issue

“Share(s)”	the ordinary share(s) of HK\$0.001 each in the issued and unissued share capital of the Company before the Share Consolidation becoming effective
“Share Consolidation”	the proposed consolidation of every twenty-five (25) issued and unissued Shares of HK\$0.001 each into one (1) Consolidated Share of HK\$0.025 each
“Shareholder(s)”	the holder(s) of the Share(s) or the Consolidated Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.165 per Rights Share
“Underwriter”	Kingston Securities Limited, a licensed corporation to carry out business in type 1 regulated activity under the Securities and Futures Ordinance, being the underwriter of the Rights Issue
“Underwriting Agreement”	the underwriting agreement entered into between the Company and the Underwriter dated 24 March 2016 in relation to the Rights Issue
“Underwritten Shares”	the number of Rights Shares to be underwritten by the Underwriter up to a maximum of 5,478,000,000 Rights Shares
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America

*In this announcement, unless otherwise specified, amounts in US\$ are converted to HK\$ at conversion rates of HK\$7.80 = US\$1.00, for illustration only. No representation was made that any amounts in US\$ could have been or could be converted into HK\$ at such rate or any other rates.*

*# The English names of the Chinese entities are translation of their Chinese names and are included herein for identification purpose only. In the case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.*

By order of the Board  
**Ngai Shun Holdings Limited**  
**Mock Wai Yin**  
*Executive Director and Chairman*

Hong Kong, 24 March 2016

*As at the date of this announcement, the Company has (i) two executive Directors, namely Mr. Mock Wai Yin and Mr. Wang Xin; (ii) one non-executive Director, namely Mr. Chui Kwong Kau and (iii) three independent non-executive Directors, namely Mr. Lam Chi Wai, Ms. Lau Mei Ying and Ms. Thadani Jyoti Ramesh.*