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WAI HUNG GROUP HOLDINGS LIMITED

偉鴻集團控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 3321)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



CNI Securities Group Limited

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 15 December 2021 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best effort basis, a maximum of 4,650,000 Placing Shares at the Placing Price of HK\$1.72 per Placing Share to Placee(s) who and whose ultimate beneficial owner(s) are Independent Third Parties.

A maximum of 4,650,000 Placing Shares under the Placing represent (i) 0.93% of the existing issued share capital of the Company of 500,000,000 Shares as at the date of this announcement; and (ii) approximately 0.92% of the issued share capital of the Company of 504,650,000 Shares as enlarged by the Placing, assuming no further change in the share capital structure of the Company prior to the Completion.

The Placing Price of HK\$1.72 represents (i) a discount of approximately 19.63% to the closing price of HK\$2.14 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 19.63% to the average closing price of approximately HK\$2.14 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Placing Agreement.

The Placing is conditional upon, among other things, the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares.

The maximum gross proceeds from the Placing will be HK\$7,998,000. The maximum net proceeds from the Placing (after deducting the commission payable to the Placing Agent, professional fee and other related costs and expenses incurred in the Placing) will be approximately HK\$7.9 million.

Completion of the Placing is subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

THE PLACING AGREEMENT

Date: 15 December 2021 (after trading hours)

Parties

- (a) the Company as the issuer; and
- (b) CNI Securities Group Limited as the Placing Agent. To the best of the Company's knowledge, information and belief having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

PRINCIPAL TERMS OF THE PLACING AGREEMENT

The principal terms of the Placing Agreement are summarised below:

Placing Shares

The Placing Agent has conditionally agreed to procure, on a best effort basis, Placee(s) to subscribe for a total of 4,650,000 Placing Shares.

The 4,650,000 Placing Shares represent (i) 0.93% of the existing issued share capital of the Company of 500,000,000 Shares as at the date of this announcement; and (ii) approximately 0.92% of the issued share capital of the Company of 504,650,000 Shares as enlarged by the allotment and issue of the Placing Shares (assuming no further change in the share capital structure of the Company prior to the Completion). The maximum aggregate nominal value of the Placing Shares under the Placing will be HK\$7,998,000.

Placing Price

The price of HK\$1.72 per Placing Share was determined after arm's length negotiations between the Company and the Placing Agent with reference to the prevailing market price of the Shares on the Stock Exchange. The Placing Price represents:

- i. a discount of approximately 19.63% to the closing price of HK\$2.14 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and

- ii. a discount of approximately 19.63% to the average closing price of approximately HK\$2.14 per Share as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Placing Agreement.

Placing Commission

The Placing Agent will receive a placing commission of 1% of the aggregate amount equivalent to the Placing Price multiplied by the actual number of the Placing Shares being placed. The placing commission was determined after arm's length negotiations between the Company and the Placing Agent.

Placees

The Placing Agent shall, on a best effort basis, place, or procure the placing of, the Placing Shares with not less than six independent institutional, corporate or individual investors who and whose ultimate beneficial owner(s) are Independent Third Parties. It is expected that immediately after the Placing, none of the Placees will become a substantial shareholder of the Company.

Ranking of Placing Shares

The Placing Shares, when issued and fully paid, will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Placing Shares.

General Mandate

The Placing Shares will be issued under the General Mandate to allot, issue and deal with new Shares granted to the Directors by a resolution of the Shareholders passed at the AGM subject to the limit of up to 20% of the issued share capital of the Company as at the date of the AGM. Under the General Mandate, the Company is authorised to issue up to 100,000,000 new Shares. As at the date of this announcement, no new Shares have been issued under the General Mandate. Accordingly, the Placing is not subject to the Shareholders' approval. Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the approval for the listing of, and permission to deal in, the Placing Shares.

Conditions of the Placing Agreement

Completion of the Placing by the Placing Agent of the Placing Shares under the Placing Agreement is conditional upon:

1. the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment and/or despatch of certificates for the Placing Shares) the listing of, and permission to deal in all of the Placing Shares; and
2. any other approval as may be required by applicable laws or regulations for the Placing.

If the foregoing conditions are not fulfilled on or before the Long Stop Date, the Placing Agreement shall terminate and the Placing will not proceed and all obligations and liabilities of the parties thereunder in relation to the Placing shall cease and determine and none of the parties shall have any claim against the others in respect of the Placing save for any antecedent breach.

Termination

If, at any time prior to 10:00 a.m. on the date of Completion, in the reasonable opinion of the Placing Agent, the success of the Placing or the business or financial prospects of the Group would or might be adversely affected by:

- (a) any material breach of the representations, warranties and undertakings set out in the Placing Agreement; or
- (b) any suspension in the trading of the Shares on the Stock Exchange for more than ten (10) consecutive trading days save for the purposes of clearing of this announcement or circulars relating to the Placing and in the ancillary agreements thereto; or
- (c) any of the following events:
 - (i) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
 - (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which would, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the placing of the Placing Shares by potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the placing of Placing Shares; or

- (iii) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities) which would materially and adversely affect the success of the placing of the Placing Shares (such success being the placing of the Placing Shares to potential investor(s)) or otherwise in the reasonable opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the placing of the Placing Shares;

then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is received prior to 10:00 a.m. on the date of Completion. All obligations of each of the parties under the Placing Agreement, save for confidentiality, indemnity and applicable law and jurisdiction and miscellaneous provisions, shall cease and determine.

Completion of the Placing

Completion of the Placing shall take place within five business days after the Placing Agreement has become unconditional (or such later date as may be agreed between the Company and the Placing Agent).

REASONS FOR THE PLACING AND USE OF PROCEEDS

In view of the current market conditions, the Directors are of the view that the Placing will enlarge the shareholder base and the capital base of the Company and to raise capital for the Group's repayment of loans, replenishment of working capital and general business operation. The Directors consider that the terms of the Placing Agreement are fair and reasonable and the Placing is in the interests of the Company and the Shareholders as a whole.

The maximum gross proceeds from the Placing will be HK\$7,998,000. The maximum net proceeds from the Placing (after deducting the commission payable to the Placing Agent, professional fee and other related costs and expenses incurred in the Placing) will be approximately HK\$7.9 million, and the net price per Placing Share is approximately HK\$1.72. The Company intends that the net proceeds of the Placing will be used for replenishment of working capital and general business operation.

FUND RAISING ACTIVITIES DURING THE PAST 12 MONTHS

The Company has not conducted any other fund raising activities in the past twelve months immediately before the date of this announcement.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming the maximum number of the Placing Shares, being 4,650,000 Shares, are placed under the Placing Agreement and that there will be no change to the total number of Shares in issue from the date of this announcement to the date of Completion other than the issue of the Placing Shares, the existing shareholding structure of the Company and the effect on the shareholding structure of the Company immediately upon the Completion is and will be as follows:

	As at the date of this announcement		Immediately after the Completion	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Shareholders				
Copious Astute Limited (Note 1)	337,500,000	67.5	337,500,000	66.9
Fresh Phoenix Limited (Note 2)	39,885,000	8.0	39,885,000	7.9
Shining Holdings Limited (Note 3)	55,000	0.0	55,000	0.0
Greenfield Resources Limited (Note 4)	22,512,500	4.5	22,512,500	4.5
Mr. Hung Sai Yeung	30,000	0.0	30,000	0.0
Ms. Yiu Li Ngor (Note 5)	3,172,500	0.6	3,172,500	0.6
Places	–	–	4,650,000	0.9
Other public Shareholders	96,845,000	19.4	96,845,000	19.2
Total	<u>500,000,000</u>	<u>100.0</u>	<u>504,650,000</u>	<u>100.0</u>

Notes:

- (1) Copious Astute Limited is wholly owned by Mr. Li Kam Hung.
- (2) Fresh Phoenix Limited is wholly owned by Mr. Leong Lap Kun.
- (3) Shining Holdings Limited is wholly owned by Mr. Leong Lap Kun.
- (4) Greenfield Resources Limited is 50% owned by Mr. Hung Sai Yeung.
- (5) Ms. Yiu Li Ngor is spouse of Mr. Hung Sai Yeung.

GENERAL

The Placing is not subject to Shareholders' approval as the Placing Shares will be issued under the existing General Mandate.

Pursuant to the termination provision in the Placing Agreement, the Placing Agent has the right in certain circumstances, in the discretion of the Placing Agent, to terminate the Placing Agreement prior to the conditions precedent in the Placing Agreement being fulfilled. Shareholders and potential investors should note that the Placing is also subject to the satisfaction of the conditions precedent in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“AGM”	the annual general meeting of the Company held on 2 June 2021 at which (among others) a resolution for the grant of the General Mandate to the Directors was duly passed by the Shareholders
“Board”	the board of Directors
“Company”	Wai Hung Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on Stock Exchange
“Completion”	completion of the Placing in accordance with the terms and condition as set out in the Placing Agreement
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with new Shares up to 20% of the issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries from time to time

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) who is/are independent of and not connected with, and not acting in concert (as defined under the Takeovers Code) with the Company and its connected persons
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	5 January 2022 (or such later date as may be agreed between the Placing Agent and the Company)
“Placee(s)”	any individual(s), corporations(s) and/or institutional or other professional investor(s) procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	placing of a maximum of 4,650,000 Placing Shares by the Placing Agent on a best effort basis pursuant to the terms of the Placing Agreement
“Placing Agent”	CNI Securities Group Limited, a licensed corporation within the meaning of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	a conditional placing agreement dated 15 December 2021 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$1.72 per Placing Share
“Placing Shares”	a maximum of 4,650,000 new Shares to be placed under the Placing
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Takeovers Code”	The Code on Takeovers and Mergers and Share Buy-backs of Hong Kong
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

On behalf of the Board
Wai Hung Group Holdings Limited
Li Kam Hung
Chairman

Hong Kong, 15 December 2021

As at the date of this announcement, the Board comprises Mr. Li Kam Hung, Mr. Yu Ming Ho and Mr. Yau Yan Ming Raymond as executive Directors; Mr. Li Chun Ho as non-executive Director; and Ms. Rita Botelho dos Santos, Mr. Wu Chou Kit and Mr. Lam Chi Wing as independent non-executive Directors.