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CHONG KIN GROUP HOLDINGS LIMITED

創建集團（控股）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1609)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

The Board is pleased to announce that on 26 April 2021 (after trading hours of the Stock Exchange), the Company and no less than six Subscribers entered into the Subscription Agreements, pursuant to which the Subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 45,490,000 new Shares at the Subscription Price of HK\$5.8 per Share subject to the terms and conditions set out in the Subscription Agreements.

Assuming that there will be no change in the total number of Shares in issue (other than the issue of the Subscription Shares) from the date of this announcement to the date of Completion, the number of the Subscription Shares represent (i) approximately 4.65% of the total number of issued shares of the Company, being 977,760,000 shares, as at the date of AGM; (ii) approximately 4.18% of the existing total number of issued Shares of the Company, being 1,087,486,000 Shares, as at the date of this announcement; and (iii) approximately 4.02% of the enlarged total number of issued Shares of 1,132,976,000 Shares immediately following Completion.

The gross proceeds and net proceeds from the issue of the Subscription Shares are estimated to be approximately HK\$263.84 million and HK\$263.69 million respectively. The Company intends to use the net proceeds for potential acquisition or investment opportunities and general working capital for the Group.

The Subscriptions are not subject to Shareholders' approval as the Subscription Shares will be issued under the General Mandate. Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal, in the Subscription Shares.

Completion is subject to fulfilment of the conditions under the Subscription Agreements. As the Subscriptions may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

THE SUBSCRIPTIONS

The Board is pleased to announce that on 26 April 2021, (after trading hours of the Stock Exchange) the Company and no less than six Subscribers entered into the Subscription Agreements, pursuant to which the Subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 45,490,000 new Shares at the Subscription Price of HK\$5.8 per Share subject to the terms and conditions set out in the Subscription Agreements.

THE SUBSCRIPTION AGREEMENTS

Date: 26 April 2021 (after trading hours of the Stock Exchange)

Parties: (1) The Company
(2) The Subscribers

The Subscribers' are either private individual investors, investment fund or corporations with investment holding as their principal activities.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Subscribers and their respective ultimate beneficial owners are Independent Third Parties. None of the Subscribers will become a substantial shareholder (as defined in the Listing Rules) of the Company immediately upon completion of the Subscriptions.

Details of the Subscriptions are set out below.

The Subscription Shares

Pursuant to the Subscription Agreements, the Subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 45,490,000 Subscription Shares, representing:

- (1) approximately 4.65% of the total number of issued Shares of the Company, being 977,760,000 Shares, as at the date of AGM;

- (2) approximately 4.18% of the existing total number of issued Shares of the Company, being 1,087,486,000 Shares, as at the date of this announcement; and
- (3) approximately 4.02% of the enlarged total number of issued Shares of 1,132,976,000 Shares immediately following Completion, assuming that there will be no change in the total number of Shares in issue from the date of this announcement to the date of Completion.

The Subscription Price

The Subscription Price of HK\$5.8 per Subscription Share represents:

- (1) a discount of approximately 12.78% over the closing price of HK\$6.65 per Share as quoted on the Stock Exchange on the 23 April 2021, being the last trading day immediately prior to the date of the Subscription Agreements and the date on which the Subscription Price was fixed; and
- (2) a discount of approximately 19.18% over the average closing price of HK\$7.176 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the date of the Subscription Agreements.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscribers with reference to the prevailing market price of the Shares. The Directors consider that the Subscription Price and the terms and conditions of the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Taking into account the expenses of the Subscriptions in the amount of approximately HK\$0.15 million, the net price per Subscription Share will be approximately HK\$263.69 million.

The aggregate nominal value of the Subscription Shares is HK\$454,900.

Ranking of the Subscription Shares

The Subscription Shares shall be free from any liens, charges, encumbrances, option, warrant, pre-emptive right or security interest or third-party right whatsoever and together with all rights attaching to them as at the date of Completion, with rights which rank pari passu to the Shares in issue, including the right to receive all dividends declared, made or paid on or after the date of Completion.

Conditions

Completion pursuant to the Subscription Agreements is conditional upon the fulfilment or waiver (as the case may be) of the following conditions:

- (1) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Subscription Shares and such approval has not been revoked prior to Completion;
- (2) the Company shall obtain all necessary consents and approvals for the Subscriptions and the transactions contemplated under the Subscription Agreements;
- (3) there has been no material breach of any representations, warranties or agreements by any party to the Subscription Agreements on or prior to Completion; and
- (4) there has been no matter, event and circumstances (including any omissions) after signing of the Subscription Agreements that has had or will have a material adverse effect on the business, operation, reputation, financial situation or prospects of the Group.

The Subscribers may at any time in writing waive in part or in full any of the above Conditions Precedent, save for (1). If the above conditions are not fulfilled or waived (as the case may be) on or before the Long Stop Date, or such later date as the parties to the Subscription Agreements may agree in writing, all rights, obligations and liabilities of the parties to the Subscription Agreements shall cease and terminate and none of the parties to the Subscription Agreements shall have any claim against any other in respect of the Subscriptions, save for any antecedent breaches thereof.

Completion

Completion will take place on the fifth Business Day following the fulfilment or waiver (as the case may be) of all Conditions precedent to the Subscriptions has been satisfied, or such other date as the parties to the Subscription Agreements may agree in writing.

Completion of each of the Subscription Agreements are not inter-conditional with each other.

GENERAL MANDATE TO ISSUE THE SUBSCRIPTION SHARES

The Subscription Shares will be allotted and issued by the Company pursuant to the General Mandate, which has been granted to the Directors by a resolution of the Shareholders passed at the AGM to allot, issue and otherwise deal with up to 195,552,000 Shares, representing 20% of the total number of Shares in issue as at the date of the AGM.

As at the date of this announcement, the Company has allotted and issued 109,726,000 Shares under the General Mandate, the General Mandate is sufficient for the allotment and issue of the Subscription Shares, and the issue of the Subscription Shares is not subject to the approval of the Shareholders.

Upon Completion, the Company will have unused General Mandate to issue up to 40,336,000 Shares.

APPLICATION FOR LISTING OF THE SUBSCRIPTION SHARES

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Subscription Shares.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 1,087,486,000 Shares in issue. Set out below is a table showing the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after Completion, assuming that there will be no change in the total number of Shares in issue (other than the issue of the Subscription Shares) from the date of this announcement to the date of Completion:

Name of Shareholders	As at the date of this announcement		Immediately after Completion	
	Number of Shares	Approximate % shareholding	Number of Shares	Approximate % shareholding
Prestige Rich Holdings Limited <i>(Note 1)</i>	633,600,000	58.26	633,600,000	55.92
Prosperous East Investment Limited <i>(Note 2)</i>	99,424,000	9.14	99,424,000	8.78
Director:				
Li Yifei <i>(Note 3)</i>	200,000	0.02	200,000	0.02
Ma Chao <i>(Note 4)</i>	21,860,781	2.01	21,860,781	1.93
Qiu Peiyuan <i>(Note 5)</i>	38,300,000	3.52	38,300,000	3.38
Subscribers	—	—	45,490,000	4.02
Other public Shareholders	294,101,219	27.05	294,101,219	25.95
Total:	<u>1,087,486,000</u>	<u>100</u>	<u>1,132,976,000</u>	<u>100</u>

Notes:

- 1) The 633,600,000 Shares are held by Prestige Rich Holding Limited (“**Prestige Rich**”). Mr. Zhang Jinbing (“**Mr. Zhang**”) beneficially owns the entire issued share capital of Prestige Rich, which in turn beneficially owns 58.26% of the shareholding in the Company. Mr. Zhang is the Chairman and executive Director of the Company. Mr. Zhang is also a director of Prestige Rich. Prestige Rich shall sell 156,430,000 shares of the Company to an Independent Third Party pursuant to a sale and purchase agreement dated 16 April 2020 (the “**Disposal I**”). The long stop date for completion of the Disposal I is 30 April 2021. Prestige Rich shall sell 105,268,600 Shares to Mr. Lyu Changsheng (“**Mr. Lyu**”) pursuant to the sale and purchase agreement dated 8 December 2020 (the “**Disposal II**”), the long stop date for completion of the Disposal II is 31 January 2022, Mr. Lyu Changsheng is the Honorary Chairman of the Company.
- 2) The 99,424,000 shares are held by Prosperous East Investment Limited (“**Prosperous East**”). Mr. Yang Rui beneficially owns the entire issued share capital of Prosperous East, which in turn beneficially owns 9.14% of the shareholding in the Company. Mr. Yang Rui (“**Mr. Yang**”) is the legal representative of the PRC subsidiary of the Company. Mr. Yang is also a director of Prosperous East.
- 3) Mr. Li Yifei is an independent non-executive Director of the Company.
- 4) 21,860,781 Shares are held by JLB Capital Limited which is solely owned by Mr. Ma Chao (“**Mr. Ma**”), Mr. Ma is the co-Chairman and Chief Executive Officer of the Company.
- 5) 38,300,000 Shares are held by Fortune Box International Limited which Mr. Qiu Peiyuan (“**Mr. Qiu**”) has control. Mr. Qiu is an executive Director of the Company.

REASONS FOR THE SUBSCRIPTIONS AND USE OF PROCEEDS

The Group is principally engaged in operating segments as follows: (i) provision of concrete placing and other ancillary services as a subcontractor for both public and private sector projects, including building and infrastructure related projects; (ii) provision of new energy vehicle and logistics related services including new energy vehicle sales and leasing, road freight transportation and the provision of finance leasing services in the PRC; (iii) provision of cross-border payment and money exchange services in the United Kingdom; (iv) provision of money lending business in Hong Kong; and (v) the development and pre-sale of the real estate in Grenada to investors.

The gross proceeds and net proceeds from the issue of the Subscription Shares are estimated to be approximately HK\$263.84 million and approximately HK\$263.69 million respectively. The Company intends to use the net proceeds as follows:

- approximately 90% of the net proceeds from the Subscriptions, which represents approximately HK\$237.32 million, will be used towards potential acquisition or investment opportunities for the Group; and
- approximately 10% of the net proceeds from the Subscriptions, which represents approximately HK\$26.37 million, will be used towards general working capital for the Group.

The Directors consider that the Subscription represents a good opportunity to raise additional funds to finance the future development of the Group and to broaden the capital base of the Company.

The Board has reviewed other alternative fundraising methods such as debt financing, rights issue or open offer. The Board has considered that debt financing may incur interest burden on the Group and may be subject to lengthy due diligence process and negotiations with banks as well as the prevailing financial market condition, which may be relatively uncertain and time-consuming. On the other hand, rights issue or open offer will involve the issue of listing documents with other application and administrative procedures which may require relatively longer time and additional administrative cost to complete as compared to the equity financing by way of issuing of new Shares under the General Mandate.

The Directors are of the view that the terms and conditions of the Subscription Agreements were entered into on normal commercial terms after arm's length negotiations and the terms therein are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has conducted the following equity fundraising activities in the past twelve months immediately preceding the date of this announcement:-

Date of announcement	Event	Net proceeds (approximately)	Intended use of proceeds	Actual use of proceeds as at the date of this announcement
7 December 2020	Subscription of 109,726,000 new shares under general mandate	HK\$252.22 million	(i) approximately 90% of the net proceeds from the Subscriptions, which represents approximately HK\$227 million, will be used towards potential acquisition or investment opportunities for the Group; and (ii) approximately 10% of the net proceeds from the Subscriptions, which represents approximately HK\$25.22 million, will be used towards general working capital for the Group.	HK\$182.83 million, representing 72.49% of the net proceeds has been used for the acquisition of a parcel of land situate at Mt. Hartman in the parish of Saint George in the State of Grenada

GENERAL

Completion is subject to fulfilment of the Conditions Precedent. As the Subscriptions may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company convened on 26 August 2020;
“Board”	the board of Directors;
“Business Day”	a day on which banks of Hong Kong are open for ordinary banking business (excluding Saturdays and Sundays);
“Company”	Chong Kin Group Holdings Limited, a company incorporated under the laws of the Cayman Islands, the shares of which are listed on the Stock Exchange (stock code: 1609);
“Completion”	completion of the Subscriptions;
“Conditions precedent”	the conditions to the Subscription Agreements as set out in the section headed “Conditions” in this announcement;
“Director(s)”	the director(s) of the Company;
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM, for issue and allotment up to 195,552,000 Shares as at the date of this announcement;
“Group”	the Company and its subsidiaries;
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, are third parties independent of the Company and the connected persons of the Company in accordance with the Listing Rules;
“Listing Committee”	the listing committee of the Stock Exchange;

“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;
“Long Stop Date”	within 30 days from the date of the Subscription Agreements or any other date as the Company and the Subscribers may agree in writing;
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscribers”	the subscribers to subscribe the Subscription Shares under the Subscription Agreements;
“Subscription Agreement(s)”	the subscription agreement(s) dated 26 April 2021 entered into by the Company and the Subscribers in respect of the Subscriptions, each the Subscription Agreement;
“Subscription Price”	HK\$5.8 per Subscription Share;
“Subscription Shares”	an aggregate of 45,490,000 Shares to be subscribed by the Subscribers pursuant to the Subscription Agreements;
“Subscriptions”	the subscription of the Subscription Shares by the Subscribers at the Subscription Price pursuant to the terms and conditions as set out in the Subscription Agreements; and
“%”	per cent.

By Order of the Board
Chong Kin Group Holdings Limited
Zhang Jinbing
Chairman

Hong Kong, 26 April 2021

As at the date hereof, the Honorary Chairman of the Company is Mr. Lyu Changsheng; the Board comprises three executive Directors, namely Mr. Zhang Jinbing (Chairman), Mr. Ma Chao (co-Chairman and Chief Executive Officer) and Mr. Qiu Peiyuan; one non-executive Director, Mr. Gao Gunter; and three independent non-executive Directors, namely Mr. Tam Ping Kuen Daniel, Dr. Li Yifei and Mr. Yan Haiting.