



**Almana Limited**

曼纳有限公司

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 0.8.1.8.6)

*Executive Director:*

CHAN Ho Yee

*Independent Non-executive Directors:*

PANG King Sze, Rufina

HONG Bingxian

HUANG Zhe

*Registered office:*

Clarendon House

2 Church Street, Hamilton HM 11

Bermuda

*Head office and principal place of business*

*in Hong Kong:*

35/F, Two Pacific Place

88 Queensway, Admiralty

Hong Kong

5 September 2023

*To the Shareholders*

Dear Sir or Madam,

**PROPOSED RIGHTS ISSUE ON THE BASIS OF  
THREE RIGHTS SHARES FOR EVERY  
ONE SHARE HELD ON THE RECORD DATE  
AND  
NOTICE OF SPECIAL GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to provide you with information on the Rights Issue and certain financial information and other general information of the Group.

## PROPOSED RIGHTS ISSUE

Details of the proposed Rights Issue are summarised below:

### Issue statistics

Assuming no change in the number of issued Shares on or before the Record Date:

Basis of Rights Issue	:	Three Rights Shares for every one Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.22 per Rights Share
Number of Shares in issue as at Latest Practicable Date	:	28,467,160 Shares
Number of Rights Shares	:	Up to 85,401,480 Rights Shares
Aggregate nominal value of Rights Shares	:	Up to HK\$6,832,118
Number of Shares in issue immediately upon completion of Rights Issue	:	Up to 113,868,640 Shares
Maximum funds raised	:	Up to HK\$18.8 million

As at the Latest Practicable Date, the Group had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into the Shares. The 85,401,480 Rights Shares to be issued under the Rights Issue represent (i) 300% of the total number of issued Shares as at the Latest Practicable Date; and (ii) 75% of the total number of issued Shares as enlarged by the allotment and issue of the Rights Shares.

### Non-underwritten basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. In the event that the Rights Issue is not fully subscribed, the Rights Shares not taken up by the Qualifying Shareholders will be placed to the Placees under the Compensatory Arrangements. The Placing Shares which remain not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue. There is also no statutory requirement regarding minimum subscription level in respect of the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, Shareholders who apply to take up all or part of their entitlements under the PALs may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 10.26(2) of the GEM Listing Rules.

### **Undertaking**

As at the Latest Practicable Date, Perfect Advance Holdings Limited (“Perfect Advance”) and Ms. Chan Ho Yee (“Ms. Chan”), an executive Director, are interested in 8,476,364 Shares and 676,127 Shares respectively (representing 29.8% and 2.4% of the issued Shares respectively). Each of Perfect Advance and Ms. Chan has irrevocably undertaken to the Company that:

- (i) it/she will not sell, transfer or otherwise dispose of the Shares held during the period up to the Rights Issue having become unconditional or the date on which the Company announces that the Rights Issue will not proceed, whichever is earlier (both dates inclusive); and
- (ii) it/she will accept and subscribe in full for all the Rights in which it/share is beneficially entitled under the Rights Issue on and subject to the terms and condition of the Rights Issue provided that in the case of Perfect Advance, the total number of the Rights Shares to be subscribed by it under the Rights Issue will be scaled down to the extent that it and its associates will not trigger a general offer obligation under the Takeovers Code in accordance with Rule 10.26(2) of the GEM Listing Rules.

Save for the above irrevocable undertakings, the Company has not received, as at Latest Practicable Date, any other information or irrevocable undertaking from other Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them under the Rights Issue.

### **Subscription Price**

The Subscription Price of HK\$0.22 per Rights Share is payable in full when the Qualifying Shareholders accept the relevant provisional allotment of Rights Shares or when transferees of nil-paid Rights Shares accept the provisional allotment of the relevant Rights Shares. Assuming that all the Rights Shares are fully subscribed, the net price per Rights Share is estimated to be HK\$0.2.

The Subscription Price represents:

- (i) a discount of 26.7% to the closing price of HK\$0.30 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of 29.0% to the average closing price of HK\$0.31 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of 8.3% to the theoretical ex-rights price of HK\$0.24 per Share based on the closing price of HK\$0.30 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iv) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of 21.77% represented by the theoretical diluted price of HK\$0.24 per Share to the benchmarked price (as defined under Rule 10.44A of the GEM Listing Rules) of HK\$0.31 per Share;
- (v) a cumulative theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) in aggregation with the Share Allotments of 23.75% represented by the cumulative theoretical diluted price of HK\$0.145 per Share to the benchmarked price (as defined under Rule 10.44A of the GEM Listing Rules) of HK\$0.19 per Share;
- (vi) a discount of 18.5% to the closing price of HK\$0.27 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (vii) a premium of 22.2% over the unaudited net asset value per Share of HK\$0.18 (based on the unaudited consolidated net asset value of the Group of HK\$5.2 million as at 30 June 2023 and 28,467,160 Shares in issue as at the Latest Practicable Date).

The Subscription Price was determined with reference to (i) the market price of the Shares under the prevailing market conditions; (ii) the prevailing market conditions of the capital market in Hong Kong; (iii) the latest business performance and financial position of the Group, particularly the consecutive loss-making position of the Group in the past and the net asset value of HK\$0.18 per Share as at 30 June 2023; (iv) the low trading volume of the Shares in the past six months; and (v) the reasons for and benefits of Rights Issue as discussed in the section headed “Reasons for and benefits of the Rights Issue and use of proceeds”. As such, the Board considers that it is necessary and reasonable to set the Subscription Price at a discount to the recent market price of the Shares in order to attract Shareholders and investors to participate in the Rights Issue.

The Board considers that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Basis of provisional allotment**

The basis of the provisional allotment shall be three Rights Shares for every one Share held by the Qualifying Shareholders as at the close of business on the Record Date. The PAL 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. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing a PAL and lodging the same with a remittance for the Rights Shares being applied for with the Share Registrar on or before the Latest Time for Acceptance.

### **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 and not be an Excluded Shareholder on the Record Date. In order to be registered as a member of the Company on the Record Date, a Shareholder must lodge the relevant documents for transfers of Shares (with the relevant share certificates) with the Share Registrar at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by 4:30 p.m. on Tuesday, 26 September 2023.

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company. For Shareholders whose Shares are held by a nominee (or held in CCASS) and would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the Share Registrar for registration no later than 4:30 p.m. on Tuesday, 26 September 2023.

The last day of dealings in the Shares on a cum-rights basis is Friday, 22 September 2023. The Shares will be dealt with on an ex-rights basis from Monday, 25 September 2023. If a Qualifying Shareholder does not take up his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.

### **Rights of Overseas Shareholders**

The Prospectus Documents will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue. Overseas Shareholders should note that they may or may not be entitled to the Rights Issue. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.

Pursuant to Rule 17.41(1) of the GEM Listing Rules, the Company will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If it is in the opinion of the Board that it would be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place to exclude such Overseas Shareholders from the Rights Issue, no Rights Share (whether in nil paid or fully-paid form) will be offered to such Overseas Shareholders. The basis for excluding the Excluded Shareholders from the Rights Issue will be set out in the Prospectus. The Company will send the Prospectus to the Excluded Shareholders for their information only but will not send any PAL to them. The Company also reserves the right to treat as invalid any acceptance of or application for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Excluded Shareholders should exercise caution when dealing in the Shares.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholders in their nil-paid form to be sold in the market as soon as practicable after dealings in the nil-paid Rights Shares commence and in any event before the last day for dealings in nil-paid Rights Shares if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses and stamp duty, will be paid pro-rata (rounded down to the nearest cent) to the relevant Excluded Shareholders in Hong Kong dollars. In view of the administrative costs, the Company will retain individual amounts of less than HK\$100 for its own benefit.

All ES Unsold Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders in nil-paid form, will be placed by the Placing Agent at the price at least equal to the Subscription Price under the Placing. For the nil-paid Rights Shares that are sold as described above but the buyers of such nil-paid Rights Shares do not take up the entitlement, such Unsubscribed Rights Shares will be subject to the Compensatory Arrangements. Any ES Unsold Rights Shares and Unsubscribed Rights Shares which are not placed under the Placing will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

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

The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects among themselves and with the Shares in issue at the time. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid by the Company after the date of allotment and issue of the Rights Shares.

### **Fractional entitlement to the Rights Shares**

On the basis of provisional allotment of three Rights Shares for every one Share held by the Qualifying Shareholders on the Record Date, no fractional entitlement to the Rights Shares will arise under the Rights Issue.

### **Compensatory Arrangements**

The Company will make arrangements described in Rule 10.31(1)(b) of the GEM Listing Rule to dispose of the Placing Shares by offering the Placing Shares to independent Placees for benefit of the Shareholders to whom they are offered by way of the Rights Issue. There will be no excess application arrangement in relation to the Rights Issue.

The Company has appointed the Placing Agent to place the Placing Shares after the Latest Time for Acceptance of the Rights Shares to independent Placees on a best effort basis. The Placing Agent will, on a best effort basis, procure, by not later than 6:00 p.m., on Wednesday, 1 November 2023, acquirers for all (or as many as possible) of those Placing Shares. Any premium over the Subscription Price and the expenses of procuring such acquirers (including commission and other related expenses/fees) that is realized will be paid to the No Action Shareholders and Excluded Shareholders on a pro-rata basis. All Placing Shares which are not placed under the Placing will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Net Gain (if any) will be paid (without interest) on pro-rata basis (on the basis of all Placing Shares) to the No Action Shareholders and the Excluded Shareholders (but rounded down to the nearest cent) as set out below:

- (i) where the nil-paid rights are, at the time they lapse, represented by a PAL, to the person whose name and address appeared on the PAL (unless that person is covered by (iii) below);
- (ii) where the nil-paid rights are, at the time they lapse, registered in the name of HKSCC Nominees Limited, to the beneficial holders (via their respective CCASS participants) as the holders of those nil-paid rights in CCASS (unless that they are covered by (iii) below);
- (iii) if the Rights Issue is extended to the Overseas Shareholders and where entitlements to the Rights Shares were not taken up by such Overseas Shareholders, to those Overseas Shareholders.

It is proposed that Net Gain of HK\$100 or more to the individual No Action Shareholder mentioned in (i) to (iii) above will be paid to them in Hong Kong Dollars only and the Company will retain individual amount of less than HK\$100 for its own benefit.

Shareholders are reminded that Net Gain may or may not be realized and, accordingly, the No Action Shareholders and the Excluded Shareholders may or may not receive any Net Gain.

## PLACING AGREEMENT

On 11 August 2023 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed as agent of the Company (either by itself or through its sub-placing agents) to procure independent Placees, on a best effort basis, to subscribe for the Placing Shares. Details of the Placing are as follows:

Date:	:	11 August 2023
Parties:	:	(i) the Company, as issuer; and (ii) the Placing Agent
Placing Agent	:	Space Securities Limited, appointed as the Placing Agent to place the Placing Shares on a best effort basis. The Placing Agent has confirmed that it is an Independent Third Party.
Fees and expenses	:	1% of the amount which is equal to the placing price multiplied by the Placing Shares that are successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement and reimbursed for the expenses in relation to the Placing, which the Placing Agent is authorised to deduct from the payment to be made by the Placing Agent to the Company at completion.
Placing price	:	The placing price of the Placing Shares shall be at least equal to the Subscription Price. The final price is dependent on the demand and market conditions of the Placing Shares during the process of placement.
Placees	:	The individuals, corporate, institutional investors or other investors procured by the Placing Agent and/or its sub-placing agents to subscribe for the Placing Shares.
Ranking of the Placing Shares	:	The Placing Shares (when placed, allotted, issued and fully paid) shall rank <i>pari passu</i> in all respects among themselves and with the Shares then in issue.



Termination : The Placing shall end on Wednesday, 1 November 2023 or any other date by mutual written agreement between the Placing Agent and the Company.

The engagement of the Placing Agent may be terminated by the Placing Agent in case of force majeure resulting in the Company and the Placing Agent being unable to fulfill their respective duties and responsibilities under the engagement. However, if during the course of the engagement it has come to the Placing Agent's knowledge that there is any material adverse change in the business and operational environment in the Company which, in the sole opinion of the Placing Agent, may make it inadvisable to continue the engagement, the Placing Agent shall have the right to terminate the engagement by written notice to the Company with immediate effect.

Conditions precedent : The obligations of the Placing Agent and the Company under the Placing Agreement are conditional upon, among others, the following conditions being fulfilled (or being waived by the Placing Agent in writing, if applicable):

- (i) the passing by the Independent Shareholders at the SGM of the necessary resolution to approve the Rights Issue;
- (ii) the GEM Listing Committee granting the approval for the listing of, and the permission to deal in, the Rights Shares (including the Placing Shares);
- (iii) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect if it was repeated as at the time of completion; and
- (iv) the Placing Agreement not having been terminated in accordance with the provisions thereof.

The Placing Agent may, in its absolute discretion, waive the fulfillment of all or any or any part of the above conditions (other than those set out in paragraphs (i) and (ii) above) by notice in writing to the Company.

Completion : Placing completion shall take place on 1 November 2023 or such other date as the Company and the Placing Agent may agree in writing.

The Placing Agent shall ensure that the Placing Shares are placed (i) only to institutional, corporate or individual investors who and whose ultimate beneficial owners shall be Independent Third Parties; (ii) such that no Placee shall become a substantial Shareholder immediately following the Placing; (iii) such that the Placing will not have any implication under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing; and (iv) such that the Placing will not result in the Company incapable of complying with the public float requirements under the GEM Listing Rules immediately following the Placing. The Company will continue to comply with the public float requirements under Rule 11.23(7) of the GEM Listing Rules and the Placing will not have any implication under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing.

The engagement between the Company and the Placing Agent for the placing of the Placing Shares was determined after arm's length negotiations between the Placing Agent and the Company with reference to the market comparables, the existing financial position of the Group, the size of the Rights Issue and the market conditions. The Board considers the terms of the Placing for the Placing Shares (including the commission payable) are on normal commercial terms.

Given that the Compensatory Arrangements would provide (i) a distribution channel of the Placing Shares; and (ii) a compensatory mechanism for No Action Shareholders and the Excluded Shareholders, the Board considers that the Compensatory Arrangements are fair and reasonable and would provide adequate safeguard to protect the interest of the Company's minority shareholders.

### **Application for listing**

The Company will apply to the GEM Listing Committee for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue. The nil-paid and fully-paid Rights Shares shall have the same board lot size as the Shares, i.e. 5,000 Shares in one board lot. No part of the share capital of the Company is listed or dealt in or on which listing or permission to deal in is being or is proposed to be sought on any other stock exchange.

## **Eligibility for admission into CCASS**

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms 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 both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

## **Stamp duty and other applicable fees**

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

## **Taxation**

Qualifying Shareholders are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for the Rights Shares, or about purchasing, holding or disposal of, or dealing in or exercising any rights in relation to the Shares or the Rights Shares, and similarly, the Excluded Shareholders as regards to their receipt of the net proceeds of sale of the Rights Shares otherwise falling to be issued to them under the Rights Issue under the laws of jurisdictions in which they are liable to taxation. It should be noted that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealing in or exercising any right in relation to the Shares or the Rights Shares.

## **Share certificates and refund cheques for the Rights Issue**

Subject to fulfilment of the conditions of the Rights Issue, (i) share certificates for all fully-paid Rights Shares and (ii) refund cheques in respect of wholly or partially unsuccessful applications for Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered address, at their own risks, on or before Friday, 3 November 2023.

## **Conditions of the Rights Issue**

The Rights Issue is conditional upon:

- (i) the passing by the Independent Shareholders at the SGM of the necessary resolution to approve the Rights Issue by no later than the Prospectus Posting Date;
- (ii) the GEM Listing Committee granting or agreeing to grant and not having withdrawn or revoked the listing of, and permission to deal in, all the Rights Shares (in their nil-paid and fully-paid forms);
- (iii) the delivery to the Stock Exchange and the filing and registration with the Registrar of Companies in Hong Kong respectively one duly certified copy of each of the Prospectus and the PAL (and all other documents required to be attached thereto) in compliance with the Companies (WUMP) Ordinance and the GEM Listing Rules by no later than the Prospectus Posting Date;
- (iv) the posting of the Prospectus Documents to Qualifying Shareholders and the posting of the Prospectus to the Excluded Shareholders for information purpose only by the Prospectus Posting Date; and
- (v) the Placing Agreement not being terminated.

The Company shall use all reasonable endeavours to procure the fulfilment of all the above conditions by the respective dates specified above. As the proposed Rights Issue is subject to the above conditions, it may or may not proceed.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Wednesday, 27 September to Wednesday, 4 October 2023 (both dates inclusive) for the purpose of determining entitlements to the Rights Issue. No transfer of Shares will be registered during the above book closure period.

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

The Group is principally engaged in the household, plantation and accessory businesses. In view of the disruptive impact of the COVID-19 pandemic on the business operations, the Group, in addition to sales of its products, has been exploring the manufacturing of household products through acquisition of plant and equipment to enable the Group to remain competitive in the market. The Group does not expect such move will bring about change to its existing business model.

However, due to (i) the unprecedented disturbing impact and prolonged duration of the COVID-19 pandemic since 2020; (ii) the substantial net liabilities of the Group prior to 2022; and (iii) the winding up petition filed by a creditor against the Company in 2021, the Company has not been able to conduct fund raising exercise for business development. In response to the debt crisis resulted from the petition, the Company had made strenuous efforts to pursue a debt restructuring by way of scheme of arrangement which was approved by the requisite statutory majority of the then creditors and was completed in 2022. As a result, the liabilities of the Company had been substantially reduced and the Company was able to restore its financial position to normality. As at 30 June 2023, the Group recorded net assets of HK\$5.1 million. However, despite improvement in its financial position as a result of the scheme, the pace of business development (hence profitability) of the Group's businesses is still hindered by its limited working capital. As at 30 June 2023, the Group's cash and bank balances amounted to HK\$4.1 million whilst total liabilities amounted to HK\$21.9 million (including advance of HK\$9.6 million received from customers). As mentioned in the Company's 2023 interim report, the challenges arising from the continuing Sino-United States conflict, the war in Ukraine, global interest rate hikes and tightening monetary policies will continue to adversely impact on the business activities worldwide including the Group's business operations. As also mentioned in its annual reports for 2021 and 2022, the Company's experience in 2021 and 2022 has shown that prompt response to changes in business landscape and prudent financial and liquidity management are key factors in withstanding major disruptions and uncertainties. As such, it is vital for the Group to seize opportunities to access to funding to improve the liquidity in its business operations and expand operating capacity in a timely manner.

The Board considers that the Rights Issue is a good opportunity to enable the Group to establish manufacturing facilities and enhance working capital for business development. Assuming all the Rights Shares are taken up or all Placing Shares are placed to Placees, it is estimated that net proceeds of the Rights Issue (after deducting the related expenses) will amount to HK\$17.5 million, which the Company intends to apply as to (i) HK\$7.5 million for repayment/fulfilment of the advance from customers (which is repayable in 2023); (ii) HK\$5 million for acquisition of operating assets (plant and equipment) for the household business; and (iii) the remaining balance of HK\$5 million for working capital of business operations and general corporate and administrative expenses (e.g. rents, overheads and remunerations). However, if the free cash generated from business operations is not sufficient to repay the remaining balance of HK\$2.1 million of the advance from customers which is repayable in 2024, the Company intends to apply part of the proceeds reserved for business working capital and/or purchase of operating assets for settlement of the outstanding advance. The Company will make announcement(s) if there is any change in the intended use of proceeds. Also, in the event that the Rights Issue is undersubscribed and the Placing Shares are not fully placed, the net proceeds will be reduced and utilised on a pro rata basis as set out above.

The Board has considered other alternative means of fund raising, including debt financing, placing and open offer. However, given the Group's lack of collateral acceptable to financial institutions required for debt financing and the high interest rate under the prevailing market condition, debt financing is not a viable means to the Group. As for equity fund raising (such as placing), it will be relatively smaller in scale as compared to fund raising through the Rights

Issue, not to mention that placing of shares would lead to dilution in the shareholding interest of existing Shareholders without offering them the opportunity to participate, particularly for those Shareholders who were the white knight and former creditors having supported the scheme of arrangement of the Company and have become the Shareholders through the Share Allotments. As for open offer, although it is similar to a rights issue in offering qualifying shareholders to participate, it does not allow free trading of rights entitlements in the open market.

In view of the above, the Board considers that as compared to raising fund by other means, raising funds by way of the Rights Issue, which will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company, is fair, cost effective, efficient and beneficial to the Company and its shareholders as a whole. In addition, the Rights Issue provides a good opportunity for the Group to improve its liquidity and strengthen its operating capacity, while offering a participating opportunity to all Qualifying Shareholders in the future development of the Company on equal terms to maintain their shareholding in the Company. As such, the Rights Issue is in the interests of the Company and its shareholders as a whole.

## SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company, assuming there is no further change in the number of issued Shares before completion of the Rights Issue other than the allotment and issue of the Rights Shares, (i) as at the Latest Practicable Date; (ii) immediately upon completion of Rights Issue assuming full acceptance of Rights Shares by existing Shareholders; (iii) immediately upon completion of Rights Issue assuming nil acceptance of Rights Shares by Qualifying Shareholders and none of the Placing Shares having been placed by Placing Agent; and (iv) immediately upon completion of Rights Issue assuming nil acceptance of Rights Shares by Qualifying Shareholders and all the Placing Shares having been placed by Placing Agent:

		As at the Latest Practicable Date		Immediately upon completion of Rights Issue assuming full acceptance of Rights Shares by existing Shareholders		Immediately upon completion of Rights Issue assuming nil acceptance of Rights Shares by Qualifying Shareholders and none of the Placing Shares having been placed by Placing Agent		Immediately upon completion of Rights Issue assuming nil acceptance of Rights Shares by Qualifying Shareholders and all the Placing Shares having been placed by Placing Agent	
		Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Perfect Advance	<i>Note 1</i>	8,476,364	29.8%	33,905,456	29.8%	9,391,917	29.9%	33,905,456	29.8%
Ms. Chan		676,127	2.4%	2,704,508	2.4%	2,704,508	8.6%	2,704,508	2.4%
		9,152,491	32.2%	36,609,964	32.2%	12,096,425	38.5%	36,609,964	32.2%
Public Shareholders									
Independent Places	<i>Note 2</i>	–	–	–	–	–	–	57,944,007	50.9%
Public Shareholders		19,314,669	67.8%	77,258,676	67.8%	19,314,669	61.5%	19,314,669	16.9%
		<u>28,467,160</u>	<u>100.0%</u>	<u>113,868,640</u>	<u>100.0%</u>	<u>31,411,094</u>	<u>100.0%</u>	<u>113,868,640</u>	<u>100.0%</u>

*Notes:*

1. The total number of Rights Shares to be subscribed by Perfect Advance will be scaled down to the extent that it and its associates will not trigger a general offer obligation under the Takeovers Code as a result of the Rights Issue.
2. As it is not expected that any of the individual Placees will become a substantial Shareholder immediately after completion of the Placing, the Placing Shares will form part of the public float of the Company.

## **EQUITY FUNDRAISING ACTIVITIES IN THE PAST 12 MONTHS**

During 2022, the Company conducted a debt restructuring by way of scheme of arrangement. Under the scheme of arrangement, the Company on 22 December 2022, issued (i) 4.4 million new Shares at the issue price of HK\$0.18 per Share for settlement of its creditors' claims; and (ii) 8.5 million new Shares at the issue price of HK\$0.55 per Share to Perfect Advance for loan capitalisation (both, the "Share Allotments").

## **GEM LISTING RULES IMPLICATIONS**

As the Rights Issue will increase the number of the issued Shares by more than 50%, in accordance with Rule 10.29(1) of the GEM Listing Rules, the Rights Issue must be made conditional on approval by the Independent Shareholders in a general meeting by a resolution on which all controlling Shareholders and their associates or, where there is no controlling Shareholder, 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. As at the Latest Practicable Date, the Company has no controlling Shareholder and Ms. Chan is beneficially interested in 676,127 Shares (representing 2.4% of the issued Shares). Accordingly, Ms. Chan is required to abstain from voting in favour of the proposed resolution to approve the Rights Issue at the SGM.

The Rights Issue (whether on its own or when aggregated with the Share Allotments) does not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 10.44A of the GEM Listing Rules.

Subject to the approval of the Rights Issue by the Independent Shareholders at the SGM, the Prospectus Documents containing further information the Rights Issue are expected to be despatched to the Qualifying Shareholders on 5 October 2023.

## **WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES**

Shareholders and potential investors of the Company should note that the Rights Issue is subject to fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Any dealings in the Shares from the Latest Practicable Date up to the date on which all the conditions of the Rights Issue are fulfilled, and any Shareholder dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional

or may not proceed. Shareholders or other persons contemplating any dealing in the Shares and/or Rights Shares in their nil-paid form are recommended to consult their professional advisers.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares.

## **SGM**

A notice convening the SGM is set forth on pages SGM-1 to SGM-2 of this circular. The resolution set out in the Notice of SGM shall be taken by poll and an announcement on the results of SGM will be made by the Company after the SGM.

The Company will conduct the SGM at the principal place of business in Hong Kong via electronic means (through a live webcast) which can be accessed from a computer, tablet or any browser enabled device. Shareholders and/or their proxy will not be able to attend the SGM in person but can view and listen to the live webcast of the SGM via electronic means from the start until its conclusion. To access the live webcast, Shareholders will have to register with the Company by sending an email to [mfpy@mfpy.com.hk](mailto:mfp@mfpy.com.hk) and provide the following particulars: (a) full name; (b) registered address; (c) number of Shares held; (d) Hong Kong identity card number/passport number (in case of natural person) or company registration number (in case of corporate body); (e) contact telephone number; and (f) email address, at least 5 clear business days before the date of the SGM (or any adjournment thereof) to enable the Company to verify the Shareholders' status. Authenticated Shareholders will receive an email confirmation which contains a link to join the live webcast of the SGM. Shareholders must not forward the link to any other person. Shareholders may submit questions in relation to the resolution set out in the Notice of SGM at least 5 clear business days before the date of SGM via email to [mfpy@mfpy.com.hk](mailto:mfp@mfpy.com.hk) and provide the above-mentioned particulars for verification purpose.

Shareholders who wish to vote on the resolution should appoint the chairperson of the SGM as their proxy to exercise the right to vote at SGM in accordance with their instructions. For Shareholders who are not registered Shareholders (e.g. their Shares being held via banks, brokers, custodians or HKSCC), they should consult their banks or brokers or custodians. The proxy form must be returned to the Share Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding of the SGM (or any adjournment thereof).

To the best of the knowledge and belief of the Directors having made all reasonable enquiries, as at the Latest Practicable Date, save for Ms. Chan who is required to abstain from voting in favour of the proposed resolution to approve the Rights Issue at the SGM, no Shareholder is required to abstain from voting on the resolution approving the Rights Issue.



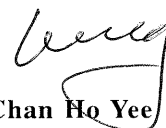
## **RECOMMENDATION**

Having considered the above-mentioned benefits to the Group, the Board considered that Rights Issue is in the interest of the Company and the Shareholders as a whole and recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the Rights Issue.

## **CLOSURE OF BOOKS**

For determining the entitlement of the Shareholders to attend and vote at the SGM, the register of members of the Company will be closed from Thursday, 14 September 2023 to Thursday, 21 September 2023 (both dates inclusive) during which period no transfer of the Shares will be registered. In order to be qualified for the entitlement to attend and vote at the SGM, all properly completed transfer forms, accompanied by the relevant share certificates, must be lodged with the Share Registrar for registration no later than 4:30 p.m. on Wednesday, 13 September 2023.

Yours faithfully  
For and on behalf of the Board



**Chan Ho Yee**  
*Executive Director*

