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寶新金融集團有限公司

GLORY SUN FINANCIAL GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01282)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



寶新證券有限公司

GLORY SUN SECURITIES LIMITED

THE PLACING

On 27 February 2023 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent has conditionally agreed to act as the placing agent of the Company to procure on a best effort basis not less than six (6) Placees, who and whose ultimate beneficial owners (if any) shall be Independent Third Parties, to subscribe for up to 313,875,122 Placing Shares at the Placing Price of HK\$0.34 per Placing Share. The Placing Shares will be allotted and issued pursuant to the General Mandate.

Assuming there will be no change in the issued share capital of the Company between the date of this announcement and the Completion Date, the maximum number of 313,875,122 Placing Shares under the Placing represents 20% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares in full.

The Placing Price of HK\$0.34 per Placing Share represents (i) a discount of approximately 10.53% to the closing price of HK\$0.38 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 19.24% to the average closing price of HK\$0.421 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

Assuming that all the Placing Shares are fully placed, the gross proceeds from the Placing will be approximately HK\$106,717,541 and the net proceeds (after deduction of placing commission and other expenses of the Placing) from the Placing will be approximately HK\$105,517,541, representing a net placing price of approximately HK\$0.336 per Placing Share. The Directors intend to use the net proceeds for (i) the repayment of maturing indebtedness; and (ii) general working capital of the Group.

Shareholders and potential investors should note that the Placing is subject to the fulfillment of the condition(s) as set out in the Placing Agreement, and that the Placing may or may not proceed to completion. Shareholders of the Company and potential investors are reminded to exercise caution when dealing in the Shares.

On 27 February 2023 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent has conditionally agreed to act as the placing agent of the Company to procure on a best effort basis not less than six (6) Placees, who and whose ultimate beneficial owners (if any) shall be Independent Third Parties, to subscribe for up to 313,875,122 Placing Shares at the Placing Price of HK\$0.34 per Placing Share.

THE PLACING AGREEMENT

The principal terms of the Placing Agreement are as follows:

Date: 27 February 2023 (after trading hours)

Issuer: the Company

Placing Agent: Glory Sun Securities Limited

The Placing Agent will charge the Company a placing commission of 1% of the amount which is equal to the Placing Price multiplied by the Placing Shares successfully placed by the Placing Agent. The placing commission payable to the Placing Agent under the Placing Agreement was negotiated on an arm's length basis between the Company and the Placing Agent and determined with reference to, amongst other things, the prevailing market commission rate for similar transactions, the size of the Placing and the price performance of the Shares.

The Directors consider that the terms of the Placing Agreement, including the placing commission, are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

Placees

The Placing Shares are to be placed by the Placing Agent on a best effort basis to not less than six (6) Placees, who and whose ultimate beneficial owners (if any) shall be Independent Third Parties. Upon Completion, it is expected that none of the Placees will become a substantial shareholder of the Company.

Number of Placing Shares

Assuming there will be no change in the issued share capital of the Company between the date of this announcement and the Completion Date, the maximum number of 313,875,122 Placing Shares under the Placing represents 20% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares in full. The aggregate nominal value of the maximum of 313,875,122 Placing Shares under the Placing will be HK\$3,138,751.22.

Placing Price

The Placing Price of HK\$0.34 per Placing Share represents (i) a discount of approximately 10.53% to the closing price of HK\$0.38 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 19.24% to the average closing price of HK\$0.421 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

The Placing Price was determined and negotiated on an arm's length basis between the Company and the Placing Agent with reference to the prevailing market price of the Shares, the recent trading performance of the Shares and the nominal value of the Shares. The Directors consider that the Placing Price is fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Ranking of Placing Shares

The Placing Shares will, upon allotment and issue, rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Condition(s) precedent to the Placing

Completion of the Placing is conditional upon the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Placing Shares. If the above condition is not fulfilled by 30 April 2023 (or such other date as may be agreed in writing between the Company and the Placing Agent), all rights, obligations and liabilities of the Company and the Placing Agent under the Placing Agreement shall cease and terminate and neither of the Parties shall have any claim against the other in respect of the Placing, save for any antecedent breach under the Placing Agreement prior to such termination.

Completion

Completion shall take place on the third Business Day immediately following the fulfilment of the Placing conditions as set out above or such other date agreed by the Company and the Placing Agent.

Lock-up undertakings

- (i) The Placees unconditionally and irrevocably undertake to the Company that the Placees shall not, without the prior written consent of the Company, at any time during the period of one (1) year from the Completion Date directly or indirectly, dispose of any Placing Shares; and
- (ii) if the Placees dispose of any Placing Shares at any time after a period of one (1) year from the Completion Date, the Placees shall ensure that such disposal complies with all applicable laws (including the Listing Rules) and will use its best endeavours to ensure that any such disposal will not create a disorderly or false market in the Shares.

Application for listing of the Placing Shares

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

General Mandate to allot and issue the Placing Shares

The Placing Shares will be allotted and issued under the General Mandate. The maximum number of Shares to be allotted and issued under the General Mandate has been adjusted to reflect the Share Consolidation, which is 313,875,122 Shares (representing 20% of the total number of issued Shares at the time immediately after the Share Consolidation).

Since the date of the AGM and up to the date of this announcement, no Shares have been allotted and issued by the Company under the General Mandate. The General Mandate is sufficient for the allotment and issue of the Placing Shares and hence the allotment and issue of the Placing Shares is not subject to the approval by the Shareholders.

Termination of the Placing Agreement

Pursuant to the Placing Agreement, the Placing Agent is entitled to terminate the arrangements set out in the Placing Agreement by notice in writing prior to 10:00 a.m. on the Completion Date (or such other date as may be agreed between the Parties), if in its reasonable opinion, the success of the Placing would be materially and adversely affected by any of the following force majeure events:

- (a) the introduction of any new laws or regulations or any changes in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any natures 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;

- (b) 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 sui 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 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 adversely prejudices the success of the Placing (such success being the placing of the Placing Shares to potential investor(s)) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
- (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction or trading in securities) occurs which affect the success of the Placing (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.

Upon giving notice pursuant to the paragraph above, all obligations of the Company and the Placing Agent under the Placing Agreement shall cease and determine and none of the Parties shall have any claim against any other Party in respect of any matter arising out of or in connection with the Placing Agreement, save for any antecedent breach and any rights or obligations which may have accrued under the Placing Agreement prior to such termination.

REASONS FOR THE PLACING AND INTENDED USE OF PROCEEDS BY THE COMPANY

The Group is principally engaged in the business of financial services, property investment and development, automation and securities investment.

Assuming that all the Placing Shares are fully placed, the gross proceeds from the Placing will be approximately HK\$106,717,541 and the net proceeds (after deduction of placing commission and other expenses of the Placing) from the Placing will be approximately HK\$105,517,541, representing a net placing price of approximately HK\$0.336 per Placing Share. The Directors intend to use the net proceeds for (i) the repayment of maturing indebtedness; and (ii) general working capital of the Group.

The Board considers that the Placing represents a good opportunity to reduce the indebtedness and finance costs of the Group and to raise additional funds to strengthen the Group's financial position. It will also widen the Company's shareholder base and hopefully improve the liquidity of the Shares.

The Directors consider that the terms of the Placing Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company had not conducted any equity fund raising activity during the past 12 months immediately before the date of this announcement.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is a summary of the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after Completion (assuming the maximum number of Placing Shares are placed and there are no other changes in the issued share capital of the Company between the date of this announcement and Completion):

	As at the date of this announcement		Immediately after Completion	
	Number of Shares	Approximately % of number of Shares in issue (Note 2)	Number of Shares	Approximately % of number of Shares in issue (Note 2)
Shareholders of the Company				
Laihua Group Holdings Limited (Note 1)	2,655,000	0.17%	2,655,000	0.14%
The Placees	–	–	313,875,122	16.67%
Other public shareholders	1,566,720,610	99.83%	1,566,720,610	83.19%
	<u>1,569,375,610</u>	<u>100.00%</u>	<u>1,883,250,732</u>	<u>100.00%</u>

Notes:

1. As at the date of this announcement, Laihua Group Holdings Limited is indirectly owned as to 99.5% by Mr. Yao Jianhui, being an executive Director and the chairman of the Company.
2. The percentages are subject to rounding difference, if any.

Shareholders and potential investors should note that the Placing is subject to the fulfillment of the condition(s) as set out in the Placing Agreement, and that the Placing may or may not proceed to completion. Shareholders of the Company and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings ascribed to them respectively:

“AGM”	annual general meeting of the Company held on 1 June 2022;
“associate(s)”	has the meaning as ascribed thereto under the Listing Rules;
“Board”	the board of Directors;
“Business Day”	a day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business throughout their normal business hours;

“Company”	Glory Sun Financial Group Limited (寶新金融集團有限公司), an exempted company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1282);
“Completion”	the completion of the Placing in accordance with the terms and condition as set out in the Placing Agreement;
“Completion Date”	the third Business Day following the fulfillment of the condition set out in the Placing Agreement (or such other date agreed by the Company and the Placing Agent);
“Director(s)”	the director(s) of the Company;
“General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the AGM, under which the maximum number of Shares to be allotted and issued has been adjusted to 313,875,122 Shares to reflect the Share Consolidation;
“Group”	the Company and its subsidiaries;
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not core connected persons of the Company and are third parties independent of the Company and its core connected persons in accordance with the Listing Rules;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“Party(ies)”	the named parties to the Placing Agreement and their respective successors and permitted assigns;
“Placee(s)”	any professional, institutional and/or other investor(s) procured by the Placing Agent or its agents to subscribe for any of the Placing Shares pursuant to the Placing Agreement;
“Placing”	the placing, on a best effort basis, of up to 313,875,122 Placing Shares pursuant to the terms of the Placing Agreement;
“Placing Agent”	Glory Sun Securities Limited a corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO;
“Placing Agreement”	the conditional placing agreement dated 27 February 2023 entered into between the Company and the Placing Agent in respect of the Placing;
“Placing Price”	HK\$0.34 per Placing Share;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as may be amended from time to time;
“Placing Shares”	up to 313,875,122 new Shares to be placed pursuant to the terms of the Placing Agreement;
“Share(s)”	ordinary share(s) of par value of HK\$0.01 each in the issued share capital of the Company;
“Shareholder(s)”	the holder(s) of the issued Share(s);

“Share Consolidation”	the share consolidation of every twenty (20) the then issued and unissued ordinary shares of par value of HK\$0.1 each in the share capital of the Company into one (1) ordinary share of par value of HK\$2.0 each in the share capital of the Company with effect from 28 November 2022;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder(s)”	has the meaning as ascribed thereto under the Listing Rules; and
“%”	per cent.

By Order of the Board
Glory Sun Financial Group Limited
Yao Jianhui
Chairman and Chief Executive Officer

Hong Kong, 27 February 2023

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Yao Jianhui, Mr. Li Minbin and Mr. Huang Wei; one non-executive Director, namely Mr. Zhang Chi; and three independent non-executive Directors, namely Mr. Wong Chun Bong, Professor Lee Kwok On, Matthew and Ms. Zhao Yizi.