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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)

ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE

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On 20 April 2023 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for a total of 800,000,000 Subscription Shares at the Subscription Price of HK\$0.281 per Subscription Share in accordance with the terms and conditions as set out in the Subscription Agreement.

The gross proceeds from the Subscription amount to approximately HK\$224,800,000, while the net proceeds from the Subscription, after deducting the related expenses, are estimated to be approximately HK\$224,700,000. The Company intends to apply approximately 90% of the net proceeds from the Subscription for the repayment of its outstanding indebtedness and the remaining will be applied as general working capital of the Group.

The Subscription Shares represent (i) approximately 42.55% of the entire issued share capital of the Company as at the date of this announcement; and (ii) approximately 29.85% of the entire issued share capital of the Company as enlarged by the Subscription, assuming that there will be no change in the issued share capital of the Company (other than the issue of the Subscription Shares) between the date of this announcement and the Completion.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares. The Subscription Shares will be allotted and issued under the Specific Mandate.

GENERAL

The EGM will be convened for the purpose of considering, and if thought fit, approving the Subscription, the Subscription Agreement, the allotment and issue of the Subscription Shares pursuant to the Specific Mandate and the transactions contemplated thereunder.

The voting in respect of the Subscription and the allotment and issue of the Subscription Shares pursuant to the Specific Mandate at the EGM will be conducted by way of poll. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders and their respective close associates has any material interest in the Subscription, the Subscription Agreement, the allotment and issue of the Subscription Shares pursuant to the Specific Mandate and the transactions contemplated thereunder and no Shareholder will be required to abstain from voting on the relevant resolution(s) to approve the Subscription, the Subscription Agreement, the allotment and issue of the Subscription Shares pursuant to the Specific Mandate and the transactions contemplated thereunder at the EGM.

A circular containing (i) further details of the Subscription and the Subscription Agreement; and (ii) a notice convening the EGM, is expected to be despatched to the Shareholders on or before 31 May 2023 so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

Completion of the Subscription is subject to the satisfaction of the conditions precedent to the Subscription Agreement. As such, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares. If in doubt, Shareholders and potential investors are recommended to consult their professional adviser(s).

THE SUBSCRIPTION AGREEMENT

The Board hereby announces that on 20 April 2023 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber.

The principal terms of the Subscription Agreement are set out as follows:

Date: 20 April 2023 (after trading hours)

Parties:

- (a) the Company (as issuer); and
- (b) the Subscriber.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscriber and its ultimate beneficial owners are Independent Third Parties and do not hold any Shares as at the date of this announcement. Upon Completion, the Subscriber will become a substantial Shareholder (as defined under the Listing Rules).

The Subscription Shares

Upon Completion, the Company shall issue a total of 800,000,000 new Shares to the Subscriber at the Subscription Price of HK\$0.281 per Subscription Share. The Subscription Shares shall be allotted and issued pursuant to the Specific Mandate and shall rank *pari passu* with the Shares in issue. The Subscription Shares represent approximately 42.55% of the entire issued share capital of the Company as at the date of this announcement and approximately 29.85% of the entire issued share capital of the Company as enlarged by the Subscription, assuming that there will be no change in the issued share capital of the Company (other than the issue of the Subscription Shares) between the date of this announcement and the Completion.

The Subscription Shares have an aggregate nominal value of HK\$8,000,000 and market value of HK\$136,000,000 based on the closing price of HK\$0.17 per Share as quoted on the Stock Exchange on 31 March 2023, being the last trading day immediately preceding the date of the Subscription Agreement.

Ranking of the Subscription Shares

The Subscription Shares, when allotted and issued, will be free of all encumbrances and rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Subscription Shares.

The Subscription Price

The Subscription Price of HK\$0.281 per Subscription Share represents:

- (i) a premium of approximately 65.29% to the closing price of HK\$0.17 per Share as quoted on the Stock Exchange on 31 March 2023, being the last trading day immediately preceding the date of the Subscription Agreement;
- (ii) a premium of approximately 67.46% to the average closing price of HK\$0.1678 per Share as quoted on the Stock Exchange for the last 5 trading days immediately preceding the date of the Subscription Agreement;
- (iii) a premium of approximately 63.56% to the average closing price of HK\$0.1718 per Share as quoted on the Stock Exchange for the last 10 trading days immediately preceding the date of the Subscription Agreement; and

- (iv) a discount of approximately 89.01% over the audited consolidated net assets value attributable to the Shareholders per Share of approximately HK\$2.5558 as at 31 December 2022.

The Subscription Price was determined with reference to the prevailing market price and liquidity of the Shares and was negotiated on an arm's length basis between the Company and the Subscriber.

Conditions Precedent

Completion of the Subscription is conditional upon:

- (i) the passing of all necessary resolution(s) by the Shareholders at the EGM approving/confirming/ratifying (as the case may be), including but not limited to, (i) the Subscription Agreement and the transactions contemplated thereunder; and (ii) the issue of the Subscription Shares under the Specific Mandate in accordance with the Listing Rules;
- (ii) trading in the Shares on the Stock Exchange not being revoked or withdrawn at any time prior to Completion;
- (iii) there being no indication being received from the Stock Exchange that the listing of the Shares on the Stock Exchange will be suspended, revoked or withdrawn at any time after Completion, whether in connection with any of the transactions contemplated under the Subscription Agreement or otherwise;
- (iv) the Listing Committee of the Stock Exchange having granted approval for the listing of, and permission to deal in, the Subscription Shares and the relevant approval was not subsequently repealed or revoked before Completion; and
- (v) each of the Company the Subscriber having obtained all approvals and consents (if any) in relation to the Subscription and the transaction(s) contemplated thereunder.

If the conditions precedent to the Subscription Agreement are not satisfied within 90 days after the entering of the Subscription Agreement, or such later date as may be agreed between the Company and the Subscriber, all rights, obligations and liabilities of the parties in respect of or under the Subscription Agreement shall cease and terminate, and no party shall have any claims against the other party in respect of any matter arising out of the Subscription Agreement except for any antecedent breach of any obligations under the Subscription Agreement.

Application for listing

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

Completion

Completion shall take place on the tenth Business Day immediately following the fulfilment of the Conditions Precedent (or such other date as the Company and the Subscriber may agree in writing).

Specific Mandate

The Subscription Shares will be allotted and issued under the Specific Mandate to be approved by way of ordinary resolution by the Shareholders at the EGM.

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

The gross proceeds from the Subscription amount to approximately HK\$224,800,000, while the net proceeds from the Subscription, after deducting the related expenses, are estimated to be approximately HK\$224,700,000. The Company intends to apply approximately 90% of the net proceeds from the Subscription for the repayment of its outstanding indebtedness and the remaining will be applied as general working capital of the Group.

The Board considers that the Subscription 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.

Given the above, the Directors are of the view that the terms of the Subscription Agreement (including but not limited to the Subscription Price) are on normal commercial terms and are fair and reasonable, such that the Subscription is in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

On 22 March 2023, a total of 310,624,390 Placing Shares were allotted and issued by the Company to not less than six Placees at the Placing Price of HK\$0.34 per Placing Share. Approximately 90% of the net proceeds from the Placing have been applied for the repayment of maturing indebtedness and (ii) approximately 10% of the net proceeds from the Placing have been applied as the general working capital of the Group, details of which are set out in the announcements of the Company dated 27 February 2023, 6 March 2023 and 22 March 2023.

Save as disclosed above, the Company has not conducted any equity fund raising activity in the past twelve months immediately preceding the date of this announcement.

EFFECT ON THE SHAREHOLDING OF THE COMPANY FOLLOWING COMPLETION OF THE SUBSCRIPTION

Assuming there is no change to the issued share capital of the Company and the interests of the substantial shareholders of the Company between the date of the Subscription Agreement and Completion, the effect of the Subscription on the shareholding structure of the Company will be as follows:

	As at the date of this announcement		Immediately after Completion	
	<i>Number of Shares</i>	<i>% of shareholding</i>	<i>Number of Shares</i>	<i>% of shareholding</i>
Shareholders of the Company				
The Subscriber	—	—	800,000,000	29.85%
Public Shareholders	<u>1,880,000,000</u>	<u>100.00%</u>	<u>1,880,000,000</u>	<u>70.15%</u>
	<u><u>1,880,000,000</u></u>	<u><u>100.00%</u></u>	<u><u>2,680,000,000</u></u>	<u><u>100.00%</u></u>

GENERAL

The EGM will be convened for the purpose of considering, and if thought fit, approving the Subscription, the Subscription Agreement, the allotment and issue of the Subscription Shares pursuant to the Specific Mandate and the transactions contemplated thereunder.

The voting in respect of the Subscription and the allotment and issue of the Subscription Shares pursuant to the Specific Mandate at the EGM will be conducted by way of poll. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders and their respective close associates has any material interest in the Subscription, the Subscription Agreement, the allotment and issue of the Subscription Shares pursuant to the Specific Mandate and the transactions contemplated thereunder and no Shareholder will be required to abstain from voting on the relevant resolution(s) to approve the Subscription, the Subscription Agreement, the allotment and issue of the Subscription Shares pursuant to the Specific Mandate and the transactions contemplated thereunder at the EGM.

A circular containing (i) further details of the Subscription and the Subscription Agreement; and (ii) a notice convening the EGM, is expected to be despatched to the Shareholders on or before 31 May 2023 so as to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

INFORMATION OF THE SUBSCRIBER

The Subscriber is a company incorporated in the British Virgin Islands with limited liability which is primarily engaged in investment holding. The Subscriber is wholly and directly owned by Mr. Ma Jianghao (馬江浩先生), a Singapore citizen who, to the best knowledge and information of the Directors, is a merchant. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner are third parties independent of, and not connected with the Company and its connected persons.

INFORMATION ON THE GROUP

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

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

DEFINITIONS

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

“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), a company incorporated in the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange (stock code: 1282);
“Completion”	completion of the Subscription in accordance with the Subscription Agreement;

“Completion Date”	being the tenth Business Day immediately following the fulfilment of the Conditions Precedent (or such other date as the Company and the Subscriber may agree in writing);
“Condition(s) Precedent”	condition(s) precedent to Completion as set out in the Subscription Agreement;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened to approve the Subscription, the Subscription Agreement, the allotment and issue of the Subscription Shares pursuant to the Specific Mandate and the transactions contemplated thereunder;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	Hong Kong Special Administrative Region of the People's Republic of China ;
“Independent Third Part(ies)”	independent third party who is not connected person (as defined under the Listing Rules) of the Company and is independent of and not connected with the connected persons of the Company;
“Listing Committee”	the listing committee of the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“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);
"Specific Mandate"	the specific mandate to be sought from the Shareholders for the allotment and issue of the Subscription Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber”	China Grand Developments Limited (中浩發展有限公司), a company incorporated in the British Virgin Islands with limited liability and the subscriber under the Subscription Agreement;

“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the terms and conditions of the Subscription Agreement;
“Subscription Agreement”	the subscription agreement dated 20 April 2023 entered into between the Company and the Subscriber in relation to the subscription of 800,000,000 new Shares;
“Subscription Price”	HK\$0.281 per Subscription Share;
“Subscription Share(s)”	800,000,000 new Shares to be subscribed by the Subscriber pursuant to the Subscription Agreement; and
“%”	per cent.

By Order of the Board
Glory Sun Financial Group Limited
Huang Wansheng
Chairman and Chief Executive Officer

Hong Kong, 20 April 2023

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Huang Wansheng, 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.