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**GRAND TALENTS GROUP HOLDINGS LIMITED**  
**廣駿集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code : 8516)**

- (1) PROPOSED SHARE CONSOLIDATION;**  
**(2) CHANGE IN BOARD LOT SIZE; AND**  
**(3) PLACING OF NEW SHARES UNDER SPECIFIC MANDATE**

**Placing Agent**



**PROPOSED SHARE CONSOLIDATION**

The Board proposes to implement the Share Consolidation on the basis that every ten (10) Existing Shares of HK\$0.01 each be consolidated into one (1) Consolidated Share of HK\$0.10 each.

**PROPOSED CHANGE IN BOARD LOT SIZE**

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in the board lot size of 1,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 1,000 Existing Shares to 5,000 Consolidated Shares upon the Share Consolidation becoming effective.

## THE PLACING

On 24 November 2021 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 57,100,000 Placing Shares, to not less than six Placees who and whose beneficial owners are Independent Third Parties at the Placing Price of HK\$0.535 per Placing Share. The Placing Shares will be allotted and issued pursuant to the Specific Mandate to be obtained at the EGM.

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 57,100,000 Placing Shares represent (i) 99.96% of the issued share capital of the Company as at the effective date of the Share Consolidation; and (ii) approximately 49.99% of the issued share capital of the Company as enlarged by the allotment and issue of all the Placing Shares, after taking into account the effect of the Share Consolidation. The aggregate nominal value of the maximum number of Placing Shares will be HK\$5,710,000.

The Placing Price of HK\$0.535 per Placing Share represents (i) a discount of approximately 29.6% to the closing price of HK\$0.76 per Existing Share as quoted on the Stock Exchange on the date of the Placing Agreement, being the Last Trading Day (as defined below) (assuming the Share Consolidation has taken effect); and (ii) a discount of approximately 30.0% to the average closing price of HK\$0.764 per Existing Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day (assuming the Share Consolidation has taken effect).

Assuming all the Placing Shares are fully placed, the gross proceeds and net proceeds (after deduction of commission and other expenses of the Placing) from the Placing will be approximately HK\$30.5 million and HK\$29.6 million, respectively, representing a net issue price of approximately HK\$0.519 per Placing Share. The Company intends to use the net proceeds as to (i) approximately HK\$17.8 million for the repayment of the outstanding indebtedness; (ii) approximately HK\$6.8 million for the development of the Group's business; and (iii) approximately HK\$5.0 million for the general working capital of the Group.

## **GEM LISTING RULES IMPLICATIONS**

The Placing Shares will be allotted and issued under the Specific Mandate to be obtained at the EGM and therefore the Placing will be subject to the Shareholders' approval. To the best knowledge of the Directors, as none of the Shareholders or their associates would have any material interest in the Placing, no Shareholder is required to abstain from voting at the EGM in respect of the relevant resolution(s) relating to the Placing and the Specific Mandate.

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

## **GENERAL**

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve (i) the Share Consolidation; and (ii) the Placing Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate to allot and issue the Placing Shares). To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder will be required to abstain from voting on the relevant resolutions to be proposed at the EGM.

A circular containing, among other things, (i) further details of the Share Consolidation, the Change in Board Lot Size and the Placing; and (ii) the notice convening the EGM, is expected to be despatched to the Shareholders on or before Wednesday, 8 December 2021.

**Given that completion of the Share Consolidation and the Placing, which is subject to fulfillment of the conditions of the Share Consolidated and conditions under the Placing Agreement, may or may not take place, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

## **PROPOSED SHARE CONSOLIDATION**

The Board proposes to implement the Share Consolidation on the basis that every ten (10) Existing Shares of HK\$0.01 each be consolidated into one (1) Consolidated Share of HK\$0.10 each.

## **Effects of the Share Consolidation**

As at the date of this announcement, the authorised share capital of the Company is HK\$10,000,000 divided into 1,000,000,000 Existing Shares of HK\$0.01 each, of which 571,200,000 Existing Shares have been allotted and issued as fully paid or credited as fully paid.

Immediately upon the Share Consolidation becoming effective and assuming there will be no change in the issued Shares of the Company from the date of this announcement up to the effective date of the Share Consolidation, the authorised share capital of the Company will become HK\$10,000,000 divided into 100,000,000 Consolidated Shares of HK\$0.10 each, of which 57,120,000 Consolidated Shares of HK\$0.10 each will be in issue.

As at the date of this announcement, the Company had no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Existing Shares.

Other than the relevant expenses incurred, the implementation of the Share Consolidation will have no effect on the consolidated total asset value of the Group, nor will it alter the underlying assets, business, operations, management or financial position of the Group or the interests of the Shareholders as a whole, save for any fractional Consolidated Shares (if any) to which the Shareholders would otherwise be entitled. The Board believes that the Share Consolidation will not have any material adverse effect on the financial position of the Company.

## **Status of the Consolidated Shares**

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank pari passu in all respects with each other, and the Share Consolidation will not result in any change in the relative rights of the Shareholders.

## **Conditions of the Share Consolidation**

The Share Consolidation is conditional upon the following conditions:

1. the passing of an ordinary resolution by the Shareholders to approve the Share Consolidation at the EGM;
2. the GEM Listing Committee granting the approval for listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective; and
3. the compliance with the relevant procedures and requirements under the laws of Hong Kong and the Cayman Islands (where applicable) and the GEM Listing Rules to effect the Share Consolidation.

Subject to the fulfillment of the conditions of the Share Consolidation, the Share Consolidation will become effective on Wednesday, 29 December 2021, being one clear Business Day after the date of the EGM.

### **Listing application**

An application will be made by the Company to the GEM Listing Committee for the listing of, and permission to deal in, the Consolidated Shares in issue and to be issued upon the Share Consolidation becoming effective.

Subject to the granting of listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, as well as compliance with the stock admission requirements of the HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date 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 settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in on any other stock exchange other than the Stock Exchange, and at the time the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

### **Fractional entitlement to Consolidated Shares**

Fractional Consolidated Shares will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of share certificates held by such holder.

Shareholders who are concerned about losing out on any fractional entitlement are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser and may wish to consider the possibility of buying or selling the Existing Shares in a number sufficient to make up an entitlement to receive a whole number of Consolidated Shares.

## **Arrangement on odd lot trading**

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company will appoint a securities firm as an agent to provide matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lot arrangement will be set out in the circular of the Company.

Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

## **Exchange of share certificates**

Subject to the Share Consolidation becoming effective, which is currently expected to be on Wednesday, 29 December 2021, being one clear Business Day immediately after the date of the EGM, the Shareholders may during the period from Wednesday, 29 December 2021 to Tuesday, 8 February 2022 (both days inclusive) submit existing share certificates for the Existing Shares (in the colour of yellow) to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, to exchange for new share certificates for the Consolidated Shares (in the colour of blue) at the expense of the Company.

Thereafter, share certificates for the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each share certificate for the Consolidated Shares submitted for cancellation or each new share certificate issued for the Consolidated Shares, whichever the number of certificates cancelled/issued is higher.

After 4:10 p.m. on Friday, 4 February 2022, share certificates for the Existing Shares will remain effective as documents of title and may be exchanged for share certificates for the Consolidated Shares at any time but will not be accepted for delivery, trading and settlement purposes.

## **PROPOSED CHANGE IN BOARD LOT SIZE**

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in the board lot size of 1,000 Existing Shares. The Board proposes to change the board lot size for trading in the Consolidated Shares from 1,000 Shares to 5,000 Consolidated Shares conditional upon the Share Consolidation becoming effective.

Based on the closing price of HK\$0.076 per Existing Share (equivalent to HK\$0.76 per Consolidated Share) as quoted on the Stock Exchange as at the date of this announcement, (i) the market value of each board lot of 1,000 Existing Shares was HK\$76; and (ii) the theoretical market value of each board lot of 5,000 Consolidated Shares, assuming the Share Consolidation and the Change in Board Lot Size had already been effective, would be HK\$3,800.

The Change in Board Lot Size will not result in change in the relative rights of the Shareholders.

## **REASONS FOR THE SHARE CONSOLIDATION AND THE CHANGE IN BOARD LOT SIZE**

It is worth noticing that the Existing Shares have predominantly been trading at below HK\$0.1 during the past 10 months. Under Rule 17.76 of the GEM Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 1 October 2020 has further stated that (i) market price of the shares at a level less than HK\$0.10 each will be considered as trading at extremity as referred to under Rule 17.76 of the GEM Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected board lot value should be greater than HK\$2,000. As at the date of this announcement, the closing price of the Existing Shares was HK\$0.076, with a board lot size of 1,000, and the existing board lot value was only HK\$76, which was less than HK\$2,000. For the purpose of reducing transaction costs, the Board proposes the Share Consolidation and the Change in Board Lot Size.

Upon the Share Consolidation and the Change in Board Lot Size becoming effective, based on the closing price of the Existing Share as at the date of this announcement, the theoretical value of each new board lot would be HK\$3,800. The Share Consolidation and the Change in Board Lot Size would thus enable the Company to comply with the trading requirements under the GEM Listing Rules.

The Board also considers that the Share Consolidation and the Change in Board Lot Size will bring about a corresponding upward adjustment in the trading price per Consolidated Share on the Stock Exchange. The Company believes that this will make investing in the Shares more attractive to a broader range of investors and thus further broaden the shareholder base of the Company. The Company also believes that the Share Consolidation and the Change in Board Lot Size would reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction cost for each securities trade which will correspondingly increase the liquidity of the trading of the Consolidated Shares on the Stock Exchange.

In light of the above reasons, the Board is of the view that the Share Consolidation and the Change in Board Lot Size are beneficial to and in the interests of the Company and the Shareholders as a whole.

## **EXPECTED TIMETABLE**

Set out below is the tentative timetable for the implementation of the Share Consolidation and the Change in Board Lot Size.

<b>Events</b>	<b>2021</b>
Expected date of despatch of the circular together with notice of EGM and proxy form for EGM	Wednesday, 8 December
Latest time for lodging transfer of the Existing Shares in order to be qualified for attendance and voting at the EGM	4:30 p.m. on Monday, 20 December
Closure of register of members of the Company for determining the identity of the Shareholders entitled to attend and vote at the EGM (both days inclusive)	Tuesday, 21 December to Friday, 24 December
Latest date and time for lodging proxy forms for the EGM	2:00 p.m. on Wednesday, 22 December
Record date for attendance and voting at the EGM	Friday, 24 December
Expected date and time of the EGM	2:00 p.m. on Friday, 24 December
Announcement of poll results of the EGM	Friday, 24 December



**The following events are conditional on the fulfillment of the conditions for the implementation of the Share Consolidation and the Change in Board Lot Size.**

Effective date of the Share Consolidation	Wednesday, 29 December
First day of free exchange of existing share certificates of Existing Shares for new share certificates of the Consolidated Shares	Wednesday, 29 December
Commencement of dealings in the Consolidated Shares	9:00 a.m. on Wednesday, 29 December
Original counter for trading in the Existing Shares in board lots of 1,000 Existing Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Wednesday, 29 December
Temporary counter for trading in board lots of 100 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Wednesday, 29 December
<b>Events</b>	<b>2022</b>
Original counter for trading in Consolidated Shares in board lot of 5,000 Consolidated Shares (in the form of new share certificates for Consolidated Shares) re-opens	9:00 a.m. on Wednesday, 12 January
Parallel trading in the Consolidated Shares (in the form of existing share certificates and new share certificates for the Consolidated Shares) commences	9:00 a.m. on Wednesday, 12 January
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of the Consolidated Shares	9:00 a.m. on Wednesday, 12 January
Designated broker ceases to stand in the market to provide matching services for sale and purchase of odd lots of the Consolidated Shares	4:00 p.m. on Friday, 4 February
Temporary counter for trading in Consolidated Shares in board lot of 100 Consolidated Shares (in the form of existing share certificates) closes	4:10 p.m. on Friday, 4 February

Parallel trading in the Consolidated Shares (in the form of new share certificates and existing share certificates) ends

4:10 p.m. on  
Friday, 4 February

Last day and time for free exchange of existing share certificates of the Existing Shares for new share certificates of the Consolidated Shares

4:30 p.m. on  
Tuesday, 8 February

*Note:*

The expected timetable is subject to the results of the EGM and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this announcement refer to Hong Kong local times and dates.

## **PLACING OF NEW SHARES UNDER SPECIFIC MANDATE**

On 24 November 2021 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company has conditionally agreed to place, through the Placing Agent on a best efforts basis, up to 57,100,000 Placing Shares at the Placing Price of HK\$0.535 per Placing Share to not less than six Placees who are professional, institutional or other investors that are Independent Third Parties.

## **THE PLACING AGREEMENT**

**Date:** 24 November 2021 (after trading hours)

**Issuer:** The Company

**Placing Agent:** Lego Securities Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

### **Placing**

The Placing Agent has conditionally agreed to place, or procure the placing of, up to 57,100,000 Placing Shares at the Placing Price of HK\$0.535 per Placing Share on a best efforts basis and will receive a placing commission of 2% of the aggregate amount equal to the Placing Price multiplied by the actual number of Placing Shares successfully placed by or on behalf of the Placing Agent (i.e. the gross proceeds from the Placing). Such placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market condition.

## Placees

The Placing Shares will be placed to not less than six Placees, who and whose ultimate beneficial owners, shall be Independent Third Parties. The Placing Agent undertook that none of the Placees nor their associates would, immediately upon completion of the Placing, become a substantial shareholder (within the meaning of the GEM Listing Rules) 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 57,100,000 Placing Shares represent (i) approximately 99.96% of the issued share capital of the Company as at the effective date of the Share Consolidation; and (ii) approximately 49.99% of the issued share capital of the Company as enlarged by the allotment and issue of all the Placing Shares, after taking into account the effect of the Share Consolidation. The aggregate nominal value of the maximum number of Placing Shares will be HK\$5,710,000.

## Placing Price

The Placing Price of HK\$0.535 per Placing Share represents:

- (i) a discount of approximately 29.6% to the closing price of HK\$0.76 per Share as quoted on the Stock Exchange on the date of the Placing Agreement, being the last trading day (the “**Last Trading Day**”) (assuming the Share Consolidation has taken effect); and
- (ii) a discount of approximately 30.0% to the average closing price of approximately HK\$0.764 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day (assuming the Share Consolidation has taken effect).

The Placing Price was determined after arm’s length negotiation between the Company and the Placing Agent with reference to, among other matters, a discount of approximately 29.6% to the closing price of HK\$0.76 per Share as quoted on the Stock Exchange on the date of the Placing Agreement (assuming the Share Consolidation has taken effect), the prevailing market sentiment and the capital requirement of the Group.

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

During the 12 month period immediately preceding the date of this announcement, the Company has not undertaken (whether by reference to the date of announcement or the date of share issue) any rights issue, open offer or specific mandate placing. Placing under the Specific Mandate would not result in a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) of 25% or more of its own.

## **Ranking**

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

## **Conditions of the Placing**

Completion of the Placing is conditional upon:

- (i) the GEM Listing Committee granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares;
- (ii) the Shares remaining listed on GEM of the Stock Exchange, and that the listing status of the Shares not being subject to or threatened with any revocation, suspension, withdrawal or cancellation at any time prior to the Completion Date;
- (iii) the passing of the resolution(s) at the EGM by the Shareholders to approve (i) the Share Consolidation; and (ii) the Placing Agreement and the transactions contemplated thereunder, including the grant of the Specific Mandate relating to Placing to issue and allot the Placing Shares;
- (iv) the Share Consolidation having become effective;
- (v) the Placing Agreement not being terminated in accordance with the terms thereunder including the provisions regarding force majeure event; and
- (vi) each of the Company and the Placing Agent having obtained all necessary consents and/or approvals in relation to the Placing from the relevant authorities, if applicable.

None of the conditions precedent set out in (i) to (vi) above can be waived by the parties to the Placing Agreement. In the event the conditions precedent above are not fulfilled at or before 4:00 p.m. (Hong Kong time) before 31 January 2022 (or such later date as may be agreed between the Company and the Placing Agent), the Placing Agreement shall terminate and all rights, obligations and liabilities of the parties hereunder in relation to the Placing shall cease and determine and none of the parties shall be bound to carry out the remaining terms of the Placing Agreement and no party shall have any right to damages or reimbursement for any cost and expenses that it may have incurred in connection with or arising out of the Placing Agreement or the failure to complete the Placing save for any antecedent breach of the Placing Agreement or any accrued rights or remedies of any party arising prior to such date.

## **Completion**

Completion of the Placing will take place at 4:00 p.m. on the third Business Day following the date on which the above condition is satisfied (or such later date as may be agreed between the Company and the Placing Agent in writing).

## **Specific Mandate to allot and issue the Placing Shares**

The Placing Shares will be allotted and issued under the Specific Mandate to be obtained from the Shareholders at the EGM and therefore the Placing will be subject to the Shareholders' approval.

## **Application for listing of Placing Shares**

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

## **Termination**

Notwithstanding anything contained in the Placing Agreement, the Placing Agent may terminate the Placing Agreement without any liability to the Company, by notice in writing given to the Company at any time prior to 8:00 a.m. on the Completion Date upon the occurrence of the following events:

- (i) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date hereof) of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a material change in, or which may result in a material change in the political, economic, fiscal, financial, regulatory or stock market conditions in Hong Kong or any other jurisdiction relevant to the Group and which in the Placing Agent's reasonable opinion would adversely affect the success of the Placing;

- (ii) the imposition of any moratorium, suspension (for more than 7 trading days) or restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent's absolute opinion, would affect the success of the Placing;
- (iii) the introduction of any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agent's reasonable opinion any such new law or change may materially and adversely affect the business or financial prospects of the Group and/or the success of the Placing;
- (iv) any litigation or claim being instigated against any member of the Group, which has or may have a material effect on the business or financial position of the Group and which in the Placing Agent's absolute opinion would affect the success of the Placing;
- (v) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole;
- (vi) any material breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date hereof and prior to the Completion Date which if it had occurred or arisen before the date hereof would have rendered any of such representations and warranties untrue or incorrect or there has been a material breach by the Company of any other provision of the Placing Agreement; or
- (vii) there is any material change (whether or not forming part of a series of changes) in market conditions in Hong Kong or any other jurisdiction relevant to the Group which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

Upon termination of the Placing Agreement as described above, the Placing Agreement shall terminate and be of no further effect and neither party shall be under any liability to the other party in respect of the Placing Agreement save for any rights or obligations which may have accrued under the Placing Agreement prior to such termination.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

## REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in provision of civil engineering construction works of road and highway related infrastructures and repair and maintenance works for structures of roads and highways.

The Directors consider that the Placing represents a good opportunity for the Company to raise additional funds for the business operations of the Group and will strengthen the Group's financial position, and enlarge shareholders' base of the Company which may in turn enhance the liquidity of the Shares, and provide working capital to the Group to meet any financial obligations of the Group whereby it will not increase the financial burden on interest payment as compared with debt fund raising method.

As disclosed in the annual report of the Company for the year ended 31 March 2021, the Group's loss attributable to the Shareholders increased from approximately HK\$16.5 million for the year ended 31 March 2020 to approximately HK\$29.5 million for the year ended 31 March 2021. Such increase was primarily due to the decrease in revenue of the Group as a result of (i) the negative impact arising from the outbreak of COVID-19 which affected the progress of several on-going construction projects and the number of available tenders in the industry; and (ii) the overall economic recession in Hong Kong. As at 31 March 2021, the bank balances and cash of the Group amounted to approximately HK\$13.1 million while the Group's bank and other borrowings and bank overdraft amounted to approximately HK\$13.0 million and HK\$9.9 million, respectively. The Board considers that the Group's existing cash together with the cash generated from the Group's operation may not be sufficient to meet the need for both repayment of liabilities and general operation. Taking into account of the financial position of the Group, it is both prudent and important to retain sufficient working capital and further strengthen the financial position of the Group, so as to accommodate the operating cash expenses of the Company and to guard against any unexpected increase in costs or able to respond to any unforeseen need in capital.

Assuming all the Placing Shares are fully placed, the gross proceeds and net proceeds (after deduction of commission and other expenses of the Placing) from the Placing will be approximately HK\$30.5 million and HK\$29.6 million (after deduction of commission and other expenses of the Placing), respectively, representing a net issue price of approximately HK\$0.519 per Placing Share. Based on the financial condition of the Group and assuming that there would not be extraordinary events in relation to the amount payables and amount receivables of the Group, it is expected that (i) approximately HK\$17.8 million will be required to repay the outstanding bank and other borrowings and bank overdraft in aggregate of approximately HK\$17.8 million as of the date of this announcement; (ii) approximately HK\$6.8 million for the development of the Group's business, which include the expansion of workforce and the acquisition and/or replacement of the machinery and equipment for the projects on hands and the new projects to be awarded in view of the increase in number of available tenders for infrastructure projects. As disclosed in the interim report of the

Company for the six months ended 30 September 2021, it is expected that the annual capital works expenditure in infrastructure approximate to more than HK\$100 billion in coming years. As disclosed in the annual report of the Company for the year ended 31 March 2021, the total staff costs of the Group decreased from approximately HK\$36.7 million for the year ended 31 March 2020 to approximately HK\$22.2 million for the year ended 31 March 2021, primarily due to the reduction in number of staff in view of the outbreak of COVID-19. In light of the above and the business opportunities, the Directors consider that the expansion of workforce and the acquisition and/or replacement of the machinery and equipment can enhance the Group's competitiveness and capacity to award more tenders and undertake more projects as well as to (a) reduce the Group's reliance on and the cost for machinery and equipment rental service providers and subcontractors which include machinery in their execution of subcontracting works; (b) mobilise the Group's resources and relieve its difficulties in locating suitable machinery for its work execution; and (c) maintain the Group's quality and timeliness of execution of works and reputation among the customers and in the industry, which are crucial to the Group's business growth; and (iii) approximately HK\$5.0 million will be required for general working capital. The Company expects the proceeds from the Placing will be sufficient to cover the above use.

The Board has considered various fund raising methods (such as debt financing and/or other equity financing options) to meet the liquidity needs of the Group before resolving to the Placing. However, the Board is of the view that the Placing would be the best way to satisfy the Company's capital needs because:

- (i) though the Company has considered debt financing, such as bank borrowings, to be other possible fund raising alternatives, the Company is of the view that this will depend on the prevailing market condition, and may be subject to lengthy due diligence and negotiations with banks. As such, the Company considers debt financing to be relatively uncertain and time consuming as compared to equity financing. In addition, taking into account the requirement of interest payments, working capital requirement and the maturity of the Group's borrowings, the Company is of the view that obtaining further bank borrowings is not in the interests of the Shareholders; and
- (ii) the Company has also considered other alternatives of equity financing such as rights issue and open offer. However, having considered (1) the relatively higher costs for conducting rights issue or open offer due to additional costs for engagement of underwriter(s), reporting accountants, financial advisers and/or brokerage agent(s); and (2) the relatively longer time is required for rights issue or open offer which usually takes at least two to three months due to more stringent documentary and registration requirements, and (3) the difficulty in identifying interested underwriters with favourable terms, the Board does not consider rights issue and open offer to be desirable alternatives to the Placing having considered the Group's and Shareholders' interest as a whole.



In view of the above, the Directors consider that the Placing Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Placing Agent and the terms of the Placing Agreement (including the Placing Price and the placing commission) 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 has conducted the following equity fund raising activity during the 12 months immediately preceding the date of this announcement:

<b>Date of announcement</b>	<b>Fund raising activity</b>	<b>Net proceeds raised</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds</b>
16 June 2021	Placing of new shares under general mandate	Approximately HK\$9.2 million	Approximately HK\$8.3 million for the repayment of outstanding indebtedness and the remaining proceeds will be used for general working capital of the Group	Used as intended

Save as disclosed above, the Company has not conducted any equity fund raising activity in the past 12 months immediately preceding the date of this announcement.

## EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the completion of the Placing and taking into account the effect of the Share Consolidation (assuming all the Placing Shares are fully placed and there is no other change in the issued share capital of the Company before the completion of the Placing) are set out below:

Name of shareholder	As at the date of this announcement		Immediately after the completion of the Placing and taking into account the effect of the Share Consolidation (assuming all the Placing Shares are fully placed)	
	<i>Number of Existing Shares</i>	<i>Approx. % (Note 2)</i>	<i>Number of Consolidated Shares</i>	<i>Approx. % (Note 2)</i>
Talent Prime Group Limited <sup>(Note 1)</sup>	171,669,000	30.05	17,166,900	15.03
<b>Public Shareholders</b>				
Independent placees	–	–	57,100,000	49.99
Other public Shareholders	399,531,000	69.95	39,953,100	34.98
<b>Total</b>	<u>571,200,000</u>	<u>100.00</u>	<u>114,220,000</u>	<u>100.00</u>

Notes:

1. Talent Prime Global Limited is a company incorporated in the BVI with limited liability and is owned as to 50% each by Mr. Ha Chak Hung (“**Mr. Ha**”) being Chairman of the Board and executive Director, and Mr. Ip Chu Shing (“**Mr. Ip**”) being Chief Executive Officer and executive Director. Accordingly, Mr. Ha and Mr. Ip are deemed to be interested in all the Shares held by Talent Prime Group Limited under the SFO.
2. The above percentage figures are subject to rounding adjustments. Accordingly, figures shown as total may not be an arithmetic aggregation of the figures preceding it.

## GEM LISTING RULES IMPLICATIONS

The Placing Shares will be allotted and issued under the Specific Mandate to be obtained at the EGM and therefore the Placing will be subject to the Shareholders' approval. To the best knowledge of the Directors, as none of the Shareholders or their associates would have any material interest in the Placing, no Shareholder is required to abstain from voting at the EGM in respect of the resolution(s) relating to the Placing and the Specific Mandate.

## GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve (i) the Share Consolidation; and (ii) the Placing Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate to allot and issue the Placing Shares). To the best knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder will be required to abstain from voting on the relevant resolutions to be proposed at the EGM.

A circular containing, among other things, (i) further details of the Share Consolidation, the Change in Board Lot Size and the Placing; and (ii) the notice convening the EGM, is expected to be despatched to the Shareholders on or before Wednesday, 8 December 2021.

**Given that completion of the Share Consolidation and the Placing, which is subject to fulfillment of the conditions of the Share Consolidated and conditions under the Placing Agreement, may or may not take place, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

## DEFINITIONS

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

“associates”	has the meaning ascribed thereto under the GEM Listing Rules;
“Board”	the board of Directors;
“Business Day(s)”	a day (other than Saturdays, Sundays, public holidays in Hong Kong or days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are open for general banking business;
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC;
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as amended from time to time;

“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 1,000 Existing Shares to 5,000 Consolidated Shares;
“Company”	Grand Talents Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM of the Stock Exchange (stock code: 8516);
“Completion Date”	the third Business Day following the day on which all the conditions set out in the Placing Agreement are satisfied or such other date as the Company and the Placing Agent may agree in writing;
“connected person(s)”	has the meaning ascribed thereto in the GEM Listing Rules;
“Consolidated Share(s)”	ordinary share(s) of the Company of HK\$0.10 each immediately after the Share Consolidation becoming effective;
“Director(s)”	the director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be convened and held for the Shareholders to consider and, if thought fit, approve (i) the Share Consolidation; and (ii) the Placing Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate to allot and issue the Placing Shares);
“Existing Shares”	ordinary share(s) of the Company of HK\$0.01 each prior to the Share Consolidation having become effective;
“GEM”	GEM operated by the Stock Exchange;
“GEM Listing Committee”	the GEM Listing Committee of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange;
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures;

“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“HKSCC”	Hong Kong Securities Clearing Company Limited;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and any of its connected persons or their respective associates;
“Placee(s)”	any person or entity, who is professional, institutional or other investor(s), procured by the Placing Agent or its agent(s) to subscribe for any of the Placing Shares pursuant to the Placing Agreement;
“Placing”	the placing of up to 57,100,000 Placing Shares by the Placing Agent, on a best effort basis, subject to the terms and conditions set out in the Placing Agreement;
“Placing Agent”	Lego Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activity under the SFO;
“Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 24 November 2021 in relation to the Placing;
“Placing Price”	HK\$0.535 per Placing Share;
“Placing Share(s)”	a maximum of 57,100,000 new Consolidated Shares to be placed pursuant to the Placing Agreement;
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
“Share(s)”	the Existing Share(s) or the Consolidated Share(s), as the case may be;
“Shareholder(s)”	holder(s) of issued Share(s);

“Share Consolidation”	the proposed consolidation of every ten (10) Existing Shares into one (1) Consolidated Share;
“Specific Mandate”	the specific mandate to be granted by the Shareholders to the Board at the EGM for the allotment and issue of the Placing Shares;
“Stock Exchange”	the Stock Exchange of Hong Kong Limited; and
“%”	per cent.

By Order of the Board  
**Grand Talents Group Holdings Limited**  
**Ha Chak Hung**  
*Chairman and Executive Director*

Hong Kong, 24 November 2021

*As at the date of this announcement, the executive Directors are Mr. HA Chak Hung and Mr. IP Chu Shing; and the independent non-executive Directors are Dr. FOK Wai Sun, Mr. YUK Kai Yao and Ms. TANG Shui Man.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Listed Company Information” page on the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its publication. This announcement will also be published on the Company’s website at [www.grandtalentsgroup.com.hk](http://www.grandtalentsgroup.com.hk).*