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Renco Holdings Group Limited
融科控股集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 2323)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



雅利多證券
ARISTO SECURITIES LIMITED

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 26 May 2022 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Placing Agent has conditionally agreed to procure the placing of a maximum of 440,000,000 Placing Shares on best endeavor basis to currently expected not less than six Places at a price of HK\$0.1 per Placing Share. The Placing is conditional upon, among other factors, the Listing Committee granting approval for the listing of, and permission to deal in, the Placing Shares.

The Placing Shares will be allotted and issued pursuant to the General Mandate.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing other than the issue by the Company of the Placing Shares, the maximum of 440,000,000 Placing Shares represent (i) approximately 19.93% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.62% of the issued share capital of the Company as enlarged by the issue and allotment of the maximum of 440,000,000 Placing Shares. The aggregate nominal value of maximum number of the Placing Shares under the Placing will be HK\$44,000,000.

The Placing Price is HK\$0.1 per Placing Share and represents (i) a discount of approximately 8.26% to the closing price of HK\$0.109 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a discount of approximately 13.79% to the average closing price of approximately HK\$0.116 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and (iii) a discount of approximately 14.53% to the average closing price of approximately HK\$0.117 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day.

Assuming the Placing Shares are fully placed, the maximum aggregate gross proceeds from the Placing are expected to be HK\$44,000,000, the net proceeds from the Placing (after deducting all applicable costs and expenses, including commission and levies) will be approximately HK\$41,360,000, and the net price per Placing Share will be approximately HK\$0.094. The Company intends to apply the net proceeds from the Placing for general corporate expenses purpose (such as payment for salaries and emoluments of staff of the Group, office rentals and expenses and service fees to external service providers) as well as general working capital purpose.

Shareholders and potential investors of the Company should note that completion of the Placing is subject to the fulfillment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

The Board is pleased to announce that on 26 May 2022 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent. The principal terms of the Placing Agreement are summarised below:

THE PLACING AGREEMENT

Date

26 May 2022

Parties

Issuer: the Company

Placing Agent: Aristo Securities Limited

Placing Agent and Placing commission

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

The Placing Agent has conditionally agreed to procure the placing of a maximum of 440,000,000 Placing Shares on best endeavor basis to currently expected not less than six Placees. In consideration thereof and upon completion of the Placing, the Placing Agent will receive a placing commission of 6.0% of the amount equal to the Placing Price multiplied by the number of Placing Shares successfully placed by the Placing Agent.

The placing commission was determined after arm's length negotiations between the Company and the Placing Agent with regard to the market rate, the size of the Placing and time allowed for the Placing Agent to procure the prospective Placees under the prevailing market condition.

Placees

The Placing Shares will be placed to currently expected not less than six Placees (who are independent institutional, professional, individual and/or corporate investors), who and whose ultimate beneficial owners are independent of and not acting in concert (as defined in the Codes on Takeovers and Mergers and Share Buy-backs) with or connected with each other, or with any directors, chief executive, controlling shareholder(s) (if any) (within the meaning of the Listing Rules) or substantial shareholder(s) (if any) of the Company or any of its subsidiaries and their respective associates (as defined in the Listing Rules) and in any case the Placees and their ultimate beneficial owners shall not be a connected person (as defined in the Listing Rules) of the Company. It is expected that none of the Placees will become a substantial shareholder of the Company as a result of the Placing.

Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing other than the issue by the Company of the Placing Shares, the maximum of 440,000,000 Placing Shares represent (i) approximately 19.93% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.62% of the issued share capital of the Company as enlarged by the issue and allotment of the maximum of 440,000,000 Placing Shares. The aggregate nominal value of maximum number of the Placing Shares under the Placing will be HK\$44,000,000.

Placing Price

The Placing Price is HK\$0.1 per Placing Share and represents:

- (a) a discount of approximately 8.26% to the closing price of HK\$0.109 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 13.79% to the average closing price of approximately HK\$0.116 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and
- (c) a discount of approximately 14.53% to the average closing price of approximately HK\$0.117 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day.

The Placing Price was determined after arm's length negotiations between the Company and the Placing Agent, with reference to the prevailing market price of the Shares, market demand for the Placing Shares and the general market conditions.

Ranking of the Placing Shares

The Placing Shares shall, when fully paid, rank pari passu in all respects with the existing Shares in issue, including the rights to receive all dividends and distributions which may be declared, made or paid in respect of the Shares, the record date for which shall fall on or after the Closing Date.

General Mandate to Issue the Placing Shares

The Placing Shares will be allotted and issued under the General Mandate granted to the Directors by a resolution of the Shareholders passed at the annual general meeting of the Company held on 25 June 2021 pursuant to which the Directors are allowed to allot and issue up to 441,600,000 Shares.

As at the date of this announcement, no Shares have been issued and allotted pursuant to the General Mandate and accordingly the issue of the Placing Shares is not subject to any further approval by the Shareholders.

Conditions of the Placing

Completion of the Placing is conditional upon the fulfillment of the following conditions:

- (a) the Listing Committee granting the listing of, and permission to deal in, the Placing Shares (either unconditionally or subject to conditions which are acceptable to the Company and the Placing Agent); and
- (b) any other approval (if any) as may be required for the Placing.

The Placing Agreement shall automatically become null and void and of no effect if the conditions set forth above remain unfulfilled on 17 June 2022 or such a date both parties thereto may mutually agree and in such event all rights, obligations and liabilities of the parties to the Placing Agreement in relation to the Placing shall cease and determine and neither party shall have claim against the other, save for any antecedent breaches of the Placing Agreement and/or those expressly reserved and agreed therein which shall survive the Placing Agreement.

Termination and Force Majeure

The Placing Agreement may be terminated by the Placing Agent, after consultation with the Company and giving notice to the Company in writing if at any time at or before 10:00 a.m. on the Closing Date, there occurs:

- (a) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature 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 Company; or

- (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 Company or adversely prejudices the success of 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 significant change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction on trading in securities of the Company for more than ten (10) consecutive Stock Exchange trading days (other than as a result of the Placing)) occurs which affect the success of the Placing (such success being the completion of the placing of the Placing Shares to potential investor(s)) or otherwise in the reasonable opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing; or
- (d) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement which breach or omission is not remedied prior to the Closing Date; or
- (e) any material and adverse change in the business, financial or trading position of the Company which make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing; or
- (f) the Placing Agent shall become aware of the fact that any of the representations or warranties given by the Company contained in the Placing Agreement was, when given, untrue or inaccurate in any material respect or would in any material respect be untrue or inaccurate, or if repeated the Placing Agent shall determine in its reasonable opinion that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Company or will otherwise have a material prejudicial effect on the Placing.

If at any time between the date of the Placing Agreement and at or before 10:00 a.m. on the Closing Date, there is a breach of the warranties, representations and undertakings given by the Placing Agent in the Placing Agreement and such breach is considered by the Company on reasonable grounds to be material, the Company may terminate the Placing Agreement by notice in writing to the Placing Agent.

If the Placing Agreement shall be terminated pursuant to the above, all obligations of the parties under the Placing Agreement shall cease and the Company shall not be liable to pay any placing commission under the Placing Agreement, and no party shall have any claim against the other party for compensation, costs, damages or otherwise arising out of or in connection with the Placing Agreement, save in respect of any antecedent breach of any obligation under the Placing Agreement.

Completion of the Placing

Completion of the Placing shall take place on the Closing Date, which shall be the second business day after (and excluding) the date of fulfillment of the last condition set out in the paragraph headed “Conditions of the Placing” above in this announcement or any other date as the parties to the Placing Agreement may agree in writing.

APPLICATION FOR LISTING

An application will be made to the Listing Committee for the listing of, and permission to deal in, the Placing Shares.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in (a) the manufacture and sales of a broad range of printed circuit boards, (b) the carrying out of treasury investments, including investment in securities and other related activities, and (c) the rendering of financial services including asset management, investment and other consultancy related services.

In view of the recent market conditions, the Directors consider that the Placing represents an opportunity for the Group to raise additional funds to further strengthen its capital base and financial position, including its ability to meet and settle its expenses and any future obligations and support the Group’s continuous development and business growth as well as daily operating expenses.

Assuming the Placing Shares are fully placed, the maximum aggregate gross proceeds from the Placing are expected to be HK\$44,000,000, the net proceeds from the Placing (after deducting all applicable costs and expenses, including commission and levies) will be approximately HK\$41,360,000, and the net price per Placing Share will be approximately HK\$0.094.

The Company intends to apply the net proceeds from the Placing for general corporate expenses purpose (such as payment for salaries and emoluments of staff of the Group, office rentals and expenses and service fees to external service providers) as well as general working capital purpose.

The Directors (including independent non-executive Directors) are of the view that the Placing, the Placing Price and the terms of the Placing Agreement are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS

As at the date of this announcement, the Company has not conducted any fundraising activities involving the issue of equity securities within the 12 months immediately prior to the date of this announcement.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing, the shareholding structure of the Company immediately before and after the Placing will be as follows:

Name of Shareholders	As at the date of this announcement		Immediately after completion of the Placing	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Shareholders:				
Eternal Glory Holdings Limited ("Eternal Glory") ^(Note 1)	624,960,000	28.30	624,960,000	23.60
Youfu Investment Co., Ltd. ("Youfu") ^(Note 2)	340,192,957	15.41	340,192,957	12.85
Zhisheng Enterprise Investment Co., Ltd. ("Zhisheng") ^(Note 3)	170,097,333	7.70	170,097,333	6.42
Public Shareholders:				
Places	–	–	440,000,000	16.62
Other Shareholders	1,072,749,710	48.58	1,072,749,710	40.51
Total	<u>2,208,000,000</u>	<u>100</u>	<u>2,648,000,000</u>	<u>100</u>

Notes:

1. Mr. Li Yongjun ("Mr. Li"), a non-executive Director, is the beneficial owner of the entire issued share capital of Eternal Glory and is deemed to be interested in the 624,960,000 Shares, representing approximately 28.30% of the total issued Shares as of the date of this announcement, held by Eternal Glory under the SFO. Ms. Liu Xinjun, being Mr. Li's spouse, is deemed to be interested in the same parcel of Shares held by Mr. Li by virtue of the SFO.
2. Mr. Sun Mingwen is the beneficial owner of the entire issued share capital of Youfu and is deemed to be interested in the 340,192,957 Shares, representing approximately 15.41% of the total issued Shares as of the date of this announcement, held by Youfu under the SFO.
3. Mr. Zhu Yanbin is the beneficial owner of the entire issued share capital of Zhisheng and is deemed to be interested in the 170,097,333 Shares, representing approximately 7.70% of the total issued Shares as of the date of this announcement, held by Zhisheng under the SFO.

Shareholders and potential investors of the Company should note that completion of the Placing is subject to the fulfillment of the conditions under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Board”	the board of Directors
“business day”	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for normal banking business to the public
“Closing Date”	the second business day after (and excluding) the date of fulfillment of the last condition set out in the section headed “The Placing Agreement – Conditions of the Placing” in this announcement or such other date as the Company and the Placing Agent may agree in writing
“Company”	Renco Holdings Group Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by a resolution of the Shareholders passed at the annual general meeting of the Company held on 25 June 2021 pursuant to which the Directors are allowed to allot and issue up to 441,600,000 Shares
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	individual(s) or company(ies) who is (are) independent of and not connected person(s) of the Company within the meaning ascribed under the Listing Rules and not acting in concert (within the meaning of the Codes on Takeovers and Mergers and Share Buy-backs) with the Company
“Last Trading Day”	26 May 2022, being the date of the Placing Agreement and the full trading day in respect of the trading of the Shares prior to the release of this announcement
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	independent institutional, professional, individual and/or corporate investors whom the Placing Agent or its agent(s) has procured or will procure to purchase any of the Placing Shares

“Placing”	the placing of the Placing Shares to the Placee(s) at the Placing Price pursuant to the terms and conditions of the Placing Agreement
“Placing Agent”	Aristo Securities Limited, a licensed corporation incorporated in Hong Kong to carry out Type 1 (dealing in securities) regulated activity under the SFO
“Placing Agreement”	the placing agreement dated 26 May 2022 entered into between the Company and the Placing Agent in respect of the Placing
“Placing Price”	the placing price of HK\$0.1 per Placing Share
“Placing Share(s)”	a maximum of 440,000,000 new Shares to be placed pursuant to the Placing Agreement
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	holders of the Shares
“Share(s)”	ordinary share(s) of HK\$0.1 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	having the meaning ascribed thereto in the Listing Rules
“%”	per cent

By order of the Board
Renco Holdings Group Limited
Su Zhiyang
Company Secretary

Hong Kong, 26 May 2022

As at the date of this announcement, the Board comprises Mr. Cheok Ho Fung being executive Director; Mr. Li Yongjun being non-executive Director; and Mr. Lau Fai Lawrence and Mr. Mak Kwok Kei being independent non-executive Directors.