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REXLot Holdings Limited

御泰中彩控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 555)

- (1) PROPOSED RIGHTS ISSUE OF RIGHTS SHARES
AT HK\$0.051 PER RIGHTS SHARE ON THE BASIS OF
1 RIGHTS SHARE FOR EVERY 2 EXISTING SHARES OF
THE COMPANY AND
CLOSURE OF REGISTER OF MEMBERS;
(2) CONNECTED TRANSACTIONS IN RELATION TO KEEN
START CB SUBSCRIPTION UNDER SPECIFIC MANDATE;
(3) ADJUSTMENTS IN RELATION TO
THE SHARE OPTIONS AND THE BONDS;
(4) UPDATE ON POTENTIAL SUBSCRIPTION OF SHARES
BY A STRATEGIC INVESTOR UNDER GENERAL MANDATE;
AND
(5) PROPOSED INCREASE IN AUTHORIZED SHARE CAPITAL**

Joint Underwriters to the Rights Issue

KEEN START LIMITED

**CHINA RICH
SECURITIES LIMITED**



**睿智金融
RICH FINANCE**



ENLIGHTEN

**ENLIGHTEN
SECURITIES LIMITED**

I. THE PROPOSED FUND RAISING PLANS

Reference is made to the Announcements in relation to, among other things, the Company's intention to proceed with certain proposed fund raising plans. The Board is pleased to announce the following:

- (1) The Company proposes to raise not less than approximately HK\$255,726,631 but not more than approximately HK\$276,869,292 before expenses by way of a rights issue at the Rights Share Subscription Price of HK\$0.051 per Rights Share. Pursuant to the Rights Issue, Qualifying Shareholders will be provisionally allotted 1 Rights Share in nil-paid form for every 2 existing Shares held on the Rights Issue Record Date. On 17 November 2017 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriters in relation to the Rights Issue.
- (2) On 17 November 2017 (after trading hours), the Company and Keen Start entered into the CB Subscription Agreement, pursuant to which the Company has conditionally agreed to issue to Keen Start, and Keen Start has conditionally agreed to subscribe for, the Convertible Bonds in the aggregate principal amount of HK\$167,500,000 at an initial Conversion Price of HK\$0.067 per Share, representing a premium of approximately 20.36% to the theoretical ex-rights price of approximately HK\$0.056 per Share based on the closing price of HK\$0.058 per Share as quoted on the Stock Exchange on the Last Trading Day.

The purpose of the Proposed Fund Raising Plans is to raise sufficient offshore funds to settle all of the Group's offshore liabilities. The estimated gross proceeds and the net proceeds (after deducting professional fees and other related expenses) from the Proposed Fund Raising Plans will be approximately HK\$423,227,000 and HK\$415,227,000, respectively. Details of the Proposed Fund Raising Plans are set out below.

As at 30 June 2017, the Company had onshore financial resources amounting to approximately RMB755,728,000 (equivalent to approximately HK\$868,653,000). Such onshore financial resources have been, and will continue to be, utilised for the Group's ordinary business operations in the PRC. In addition, as at 30 June 2017, the Company had offshore financial resources (which includes the proceeds from the Disposal) amounting to approximately HK\$857,414,000. The Company announced on 27 April 2017 that the relevant bank was required to go through certain internal procedures in order to clear the proceeds from the Disposal for use of the Company. Upon further enquiry, the relevant bank has confirmed that all the internal procedures have been completed and the proceeds from the Disposal have been cleared.

As at 30 June 2017, the total current offshore liabilities of the Company amounted to approximately HK\$1.1 billion. This comprises (i) outstanding amounts due under the Bonds; (ii) the Shareholder's Loan of approximately HK\$411 million, a part of which is payable on demand and the remainder is repayable within less than half a year from the date of this announcement; and (iii) other liabilities of approximately HK\$13 million. As at 30 June 2017 and the date of this announcement, the aggregate outstanding principal amount of the 2017 Bonds and the 2019 Bonds are HK\$100,906,642.86 and HK\$551,402,486.50 respectively, including the 2019 Bonds in the outstanding principal amount of HK\$87,063,550.50 held by VC and/or his associates. The Company confirms that it has sufficient offshore financial resources to satisfy the repayment obligations under the Bond Terms and the other liabilities as set out above.

Upon completion of the Proposed Fund Raising Plans, the Company will have sufficient offshore resources to satisfy all current offshore liabilities. In these circumstances, it is the intention of the Company to firstly repay the Bonds and then repay the other offshore liabilities as set out above by applying its offshore financial resources (which includes the proceeds from the Disposal) and the net proceeds from the Proposed Fund Raising Plans.

In support of the Proposed Fund Raising Plans, VC provided an undertaking to the Company that he and his associates will not make a demand on the Shareholder's Loan until after the completion of the Proposed Fund Raising Plans (or the termination of either the Rights Issue pursuant to the terms of the Underwriting Agreement or the CB Subscription Agreement pursuant to the terms of the CB Subscription Agreement).

Reference is made to the announcement of the Company dated 7 April 2017. As the conditions to the completion of the transaction contemplated under the Original Subscription Agreement have not been fully satisfied as at the date of this announcement, the Company and Keen Start have agreed to terminate the Original Subscription Agreement and the Company has irrevocably and unconditionally released and discharged VC from the undertaking provided in relation to the Original Subscription Agreement.

Adjustments in relation to the Share Options and the Bonds

As a result of the Rights Issue, (i) the exercise price of, and/or the number of Shares subject to, the outstanding Share Options will be adjusted in accordance with the terms and conditions of the Share Option Scheme; and (ii) the conversion price of the outstanding 2017 Bonds and 2019 Bonds will be adjusted in accordance with the terms and conditions of the 2017 Bonds and 2019 Bonds, respectively. Details in relation to these adjustments and their effective date(s) are set out below.

Updates on potential subscription of Shares by a strategic investor under general mandate

As disclosed in the Announcements, the Company was considering the proposed introduction of a reputable strategic investor, which is a leading PRC-based institutional investment group, by issue of Shares (representing approximately 5% of the total issued Shares as enlarged by the proposed Rights Issue) to it. The subscription price will be determined by making reference to the theoretical ex-rights price of the Shares. The Company is in the final stage of negotiating and finalizing the terms and documentations of such subscription of Shares and will make further announcement(s) to provide updates on the progress as and when appropriate, and currently expects to be in or around early December 2017. Such issue of Shares, if substantiated, is expected to be made by the Company pursuant to the general mandate granted to the Directors pursuant to an ordinary resolution passed by the Shareholders at the annual general meeting of the Company convened and held on 29 June 2017. Further announcement(s) will be made by the Company as and when appropriate.

Updates on the proposed purchase of the Bonds by Keen Start

Reference is made to the Bond Purchase Announcements.

As disclosed in the Announcements, Keen Start has revised the settlement date for the purchase of the Bonds to be on a date falling on the 5th Business Day after the day on which an announcement (or, if more than one announcement is made, the latest announcement) is made by the Company on the relevant proposed fund raising plans. Accordingly, the Company has been informed by Keen Start that the settlement date would be fixed after the finalization of the subscription of Shares by a strategic investor and the publication of the announcement in relation thereof.

A. PROPOSED RIGHTS ISSUE

The Company proposes to raise not less than approximately HK\$255,726,631 but not more than approximately HK\$276,869,292 before expenses by way of a rights issue at the Rights Share Subscription Price of HK\$0.051 per Rights Share.

Pursuant to the Rights Issue, Qualifying Shareholders will be provisionally allotted 1 Rights Share in nil-paid form for every 2 existing Shares held on the Rights Issue Record Date. On 17 November 2017 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriters in relation to the Rights Issue.

The Rights Issue is not available to Non-Qualifying Shareholders.

The Rights Issue will be fully underwritten by the Underwriters on the terms and subject to the conditions set out in the Underwriting Agreement.

Irrevocable Undertaking of the IU Shareholders

As at the date of this announcement, the IU Shareholders held an aggregate of 1,494,941,855 Shares, representing approximately 14.91% of the existing issued share capital of the Company.

Pursuant to the Irrevocable Undertaking, VC and each of the IU Shareholders has undertaken to and with the Company and the Underwriters that subject to the Company despatching the Rights Issue Documents to the Qualifying Shareholders, each of the IU Shareholders shall take up and pay for or shall procure that there are taken up and paid for by its associates or nominees (including the CCASS participant(s) holding any IU Shares on its behalf), at or before 4:00 p.m. on the Latest Acceptance Date in accordance with the terms of the Rights Issue Documents, all the Rights Shares which will be provisionally allotted to it (and/or registered in the name of HKSCC Nominees Limited) and its associates or nominees (including the CCASS participant(s) holding any IU Shares on its behalf) in respect of the IU Shares pursuant to the Rights Issue.

Listing Rules Implications

The Rights Issue is not required to be approved by the Shareholders in a general meeting.

As Keen Start is holding 1,187,640,997 Shares (representing approximately 11.84% of the existing issued share capital of the Company and is a company indirectly wholly-owned by VC (a Director and a substantial shareholder of the Company)), Keen Start is a substantial shareholder of the Company and is an associate of VC, hence a connected person of the Company under the Listing Rules.

Accordingly, the payment of the commission by the Company to Keen Start under the Underwriting Agreement constitutes a connected transaction of the Company under the Listing Rules. As one or more of the applicable percentage ratios set out in the Listing Rules in respect of the commission payable by the Company to Keen Start under the Underwriting Agreement exceed 0.1% but are less than 5% and the total commission to be received by Keen Start shall not in any event exceed HK\$3,000,000, and that the Directors (excluding VC) consider that the commission is on normal commercial terms, such payment is fully exempted under Rule 14A.76 of the Listing Rules.

Warning of the Risks of Dealing in the Shares and the Nil-Paid Rights Shares

The Underwriting Agreement contains provisions granting the Underwriters a right to terminate its obligations on the occurrence of certain events. Please refer to the sub-section headed “Termination of the Underwriting Agreement” in this announcement for further details. If the Underwriting Agreement does not become unconditional or is terminated, the Rights Issue will not proceed.

Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or the Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the Rights Shares. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (including the date on which the Underwriters’ right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

The attention of the Shareholders and investors is drawn to the section headed “Warning of the Risks of Dealing in the Shares and the Nil-Paid Rights Shares” below.

Trading Arrangements

The last day of dealings in the Shares on a cum-rights basis is Friday, 8 December 2017. The Shares will be dealt with on an ex-rights basis from Monday, 11 December 2017. The Rights Shares are expected to be dealt with in their nil-paid form from Friday, 22 December 2017 to Thursday, 4 January 2018 (both days inclusive).

To qualify for the Rights Issue, a Shareholder must (a) be registered as a member of the Company as at 5:00 p.m. on the Rights Issue Record Date, which is currently expected to be Tuesday, 19 December 2017 and (b) not be a Non-Qualifying Shareholder. In order to be registered as members of the Company at 5:00 p.m. on the Rights Issue Record Date, all transfer documents of the Shares (together with the relevant share certificate(s)) must be lodged for registration with the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by 4:30 p.m. (Hong Kong time) on Tuesday, 12 December 2017 (being the Latest Lodging Date). The register of members of the Company will be closed from Wednesday, 13 December 2017 to Tuesday, 19 December 2017 (both days inclusive).

Holders of the outstanding Share Options who wish to participate in the Rights Issue should exercise the Share Options on or before Monday, 11 December 2017 in accordance with the terms and conditions of the Share Option Scheme and be registered as holders of the Shares allotted and issued to them pursuant to such exercise with the Company as at 5:00 p.m. on the Rights Issue Record Date.

The Latest Acceptance Date is expected to be on Tuesday, 9 January 2018 or such other date as the Company and the Underwriters may agree in writing. The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. For details of the trading arrangements, please refer to the section headed "Expected Timetable for the Rights Issue" below.

General

The Rights Issue Prospectus containing, among other things, further details of the Rights Issue is expected to be despatched by the Company to the Qualifying Shareholders and, for information only and to the extent reasonably practicable, to the Non-Qualifying Shareholders and the holders of the Share Options, the 2017 Bonds and the 2019 Bonds on the Posting Date. The PALs and the EAFs will also be sent to the Qualifying Shareholders on the same date.

Those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted.

B. KEEN START CB SUBSCRIPTION UNDER SPECIFIC MANDATE

The Board announces that on 17 November 2017 (after trading hours), the Company and Keen Start entered into the CB Subscription Agreement, pursuant to which, among other things, the Company has conditionally agreed to issue to Keen Start, and Keen Start has conditionally agreed to subscribe for the Convertible Bonds. The aggregate principal amount of the Convertible Bonds is HK\$167,500,000.

Assuming full conversion of the Convertible Bonds at the initial Conversion Price of HK\$0.067 per Share, a total of 2,500,000,000 Conversion Shares will be issued by the Company, representing (i) approximately 24.93% of the existing issued Share capital of the Company as at the date of this announcement; (ii) approximately 19.95% of the issued Share capital of the Company as enlarged by the allotment and issue of the Conversion Shares (assuming there are no other changes to the issued Share capital of the Company from the date of this announcement and prior to completion of the CB Subscription).

The Conversion Shares (when issued) shall rank *pari passu* in all respects with the existing Shares in issue as at the CB Subscription Completion Date.

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

Listing Rules Implications

As Keen Start is holding 1,187,640,997 issued Shares (representing approximately 11.84% of the existing issued share capital of the Company and is a company indirectly wholly-owned by VC (a Director and a substantial shareholder of the Company)), Keen Start is a substantial shareholder of the Company and is an associate of VC, hence a connected person of the Company under the Listing Rules.

Accordingly, the CB Subscription constitutes connected transactions of the Company under the Listing Rules and is subject to announcement, reporting and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As VC has a material interest in the CB Subscription Agreement and the transactions contemplated thereunder, VC has abstained from voting on the relevant Board resolution.

General

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the CB Subscription Agreement and the transactions contemplated thereunder. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

Completion is conditional upon satisfaction of certain conditions precedent under the CB Subscription Agreement and therefore may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company and if they are in any doubt about their position, they should consult their professional advisers.

II. PROPOSED INCREASE IN AUTHORIZED SHARE CAPITAL

The existing authorized share capital of the Company is HK\$200,000,000 divided into 20,000,000,000 Shares, of which 10,028,495,338 Shares are in issue. In order to allow sufficient authorized share capital after completion of the Proposed Fund Raising Plans, the Board proposes to increase the authorized share capital of the Company to HK\$500,000,000 divided into 50,000,000,000 Shares by the creation of an additional 30,000,000,000 Shares which shall rank *pari passu* with the existing Shares in all respects upon allotment and issue. The Increase in Authorized Share Capital is subject to the approval of the Shareholders at the SGM.

III. SGM

The SGM will be convened and held for (1) the Independent Shareholders to consider, and if thought fit, approve the CB Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) and (2) the Shareholders to consider, and if thought fit, approve the Increase in Authorized Share Capital.

A circular containing, among other things, (i) further details of the CB Subscription and the Increase in Authorized Share Capital; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the CB Subscription Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the CB Subscription Agreement and the transactions contemplated thereunder; and (iv) a notice convening the SGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

I. INTRODUCTION

The Proposed Fund Raising Plans

Reference is made to the Announcements in relation to, among other things, the Company's intention to proceed with certain proposed fund raising plans. The Board is pleased to announce the following:

- (1) The Company proposes to raise not less than approximately HK\$255,726,631 but not more than approximately HK\$276,869,292 before expenses by way of a rights issue at the Rights Share Subscription Price of HK\$0.051 per Rights Share. Pursuant to the Rights Issue, Qualifying Shareholders will be provisionally allotted 1 Rights Share in nil-paid form for every 2 existing Shares held on the Rights Issue Record Date. On 17 November 2017 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriters in relation to the Rights Issue. The Rights Issue will be fully underwritten by the Underwriters on the terms and subject to the conditions set out in the Underwriting Agreement.
- (2) On 17 November 2017 (after trading hours), the Company and Keen Start entered into the CB Subscription Agreement, pursuant to which the Company has conditionally agreed to issue to Keen Start, and Keen Start has conditionally agreed to subscribe for, the Convertible Bonds in the aggregate principal amount of HK\$167,500,000 at an initial Conversion Price of HK\$0.067 per Share, representing a premium of approximately 20.36% to the theoretical ex-rights price of approximately HK\$0.056 per Share based on the closing price of HK\$0.058 per Share as quoted on the Stock Exchange on the Last Trading Day.

The purpose of the Proposed Fund Raising Plans is to raise sufficient offshore funds to settle all of the Group's offshore liabilities. The estimated gross proceeds and the net proceeds (after deducting professional fees and other related expenses) from the Proposed Fund Raising Plans will be approximately HK\$423,227,000 and HK\$415,227,000, respectively. Details of the Proposed Fund Raising Plans are set out below.

As at 30 June 2017, the Company had onshore financial resources amounting to approximately RMB755,728,000 (equivalent to approximately HK\$868,653,000). Such onshore financial resources have been, and will continue to be, utilised for the Group's ordinary business operations in the PRC. In addition, as at 30 June 2017, the Company had offshore financial resources (which includes the proceeds from the Disposal) amounting to approximately HK\$857,414,000. The Company announced on 27 April 2017 that the relevant bank was required to go through certain internal procedures in order to clear the proceeds from the Disposal for use of the Company. Upon further enquiry, the relevant bank has confirmed that all the internal procedures have been completed and the proceeds from the Disposal have been cleared.

As at 30 June 2017, the total current offshore liabilities of the Company amounted to approximately HK\$1.1 billion. This comprises (i) outstanding amounts due under the Bonds; (ii) the Shareholder's Loan of approximately HK\$411 million, a part of which is payable on demand and the remainder is repayable within less than half a year from the date of this announcement; and (iii) other liabilities of approximately HK\$13 million. As at 30 June 2017 and the date of this announcement, the aggregate outstanding principal amount of the 2017 Bonds and the 2019 Bonds are HK\$100,906,642.86 and HK\$551,402,486.50 respectively, including the 2019 Bonds in the outstanding principal amount of HK\$87,063,550.50 held by VC and/or his associates. The Company confirms that it has sufficient offshore financial resources to satisfy the repayment obligations under the Bond Terms and the other liabilities as set out above.

Upon completion of the Proposed Fund Raising Plans, the Company will have sufficient offshore resources to satisfy all current offshore liabilities. In these circumstances, it is the intention of the Company to firstly repay the Bonds and then repay the other offshore liabilities as set out above by applying its offshore financial resources (which includes the proceeds from the Disposal) and the net proceeds from the Proposed Fund Raising Plans.

In support of the Proposed Fund Raising Plans, VC provided an undertaking to the Company that he and his associates will not make a demand on the Shareholder's Loan until after the completion of the Proposed Fund Raising Plans (or the termination of either the Rights Issue pursuant to the terms of the Underwriting Agreement or the CB Subscription Agreement pursuant to the terms of the CB Subscription Agreement).

Reference is made to the announcement of the Company dated 7 April 2017. As the conditions to the completion of the transaction contemplated under the Original Subscription Agreement have not been fully satisfied as at the date of this announcement, the Company and Keen Start have agreed to terminate the Original Subscription Agreement and the Company has irrevocably and unconditionally released and discharged VC from the undertaking provided in relation to the Original Subscription Agreement.

Adjustments in relation to the Share Options and the Bonds

As a result of the Rights Issue, (i) the exercise price of, and/or the number of Shares subject to, the outstanding Share Options will be adjusted in accordance with the terms and conditions of the Share Option Scheme; and (ii) the conversion price of the outstanding 2017 Bonds and 2019 Bonds will be adjusted in accordance with the terms and conditions of the 2017 Bonds and 2019 Bonds, respectively. Details in relation to these adjustments and their effective date(s) are set out below.

Updates on potential subscription of Shares by a strategic investor under general mandate

As disclosed in the Announcements, the Company was considering the proposed introduction of a reputable strategic investor, which is a leading PRC-based institutional investment group, by issue of Shares (representing approximately 5% of the total issued Shares as enlarged by the proposed Rights Issue) to it. The subscription price will be determined by making reference to the theoretical ex-rights price of the Shares. The Company is in the final stage of negotiating and finalizing the terms and documentations of such subscription of Shares and will make further announcement(s) to provide updates on the progress as and when appropriate, and currently expects to be in or around early December 2017. Such issue of Shares, if substantiated, is expected to be made by the Company pursuant to the general mandate granted to the Directors pursuant to an ordinary resolution passed by the Shareholders at the annual general meeting of the Company convened and held on 29 June 2017. Further announcement(s) will be made by the Company as and when appropriate.

Updates on the proposed purchase of the Bonds by Keen Start

Reference is made to the Bond Purchase Announcements.

As disclosed in the Announcements, Keen Start has revised the settlement date for the purchase of the Bonds to be on a date falling on the 5th Business Day after the day on which an announcement (or, if more than one announcement is made, the latest announcement) is made by the Company on the relevant proposed fund raising plans. Accordingly, the Company has been informed by Keen Start that the settlement date would be fixed after the finalization of the subscription of Shares by a strategic investor and the publication of the announcement in relation thereof.

II. THE PROPOSED FUND RAISING PLANS

A. Proposed rights issue

1. *Issue statistics*

Basis of the Rights Issue	:	One (1) Rights Share for every two (2) existing Shares held as at 5:00 p.m. on the Rights Issue Record Date
Rights Share Subscription Price	:	HK\$0.051 per Rights Share
Number of the existing Shares in issue	:	10,028,495,338 Shares
Minimum number of Rights Shares	:	5,014,247,669 Rights Shares (assuming no new Shares are issued (other than the Rights Shares) and no repurchase of Shares on or before the Rights Issue Record Date)
Maximum number of Rights Shares	:	5,428,809,650 Rights Shares (assuming new Shares are issued on or before the Rights Issue Record Date pursuant to the full exercise of all outstanding Share Options (except those held by VC) and the full conversion of all outstanding 2017 Bonds and 2019 Bonds (except those held by VC, Keen Start and/or Kingly Profits), but otherwise no other Shares (other than the Rights Shares) are issued and no repurchase of Shares on or before the Rights Issue Record Date)
Joint Underwriters	:	Keen Start, China Rich and Enlighten Securities

Minimum enlarged issued share capital upon completion of the Rights Issue	:	15,042,743,007 Shares (assuming no new Shares are issued (other than the Rights Shares) and no repurchase of Shares on or before the completion of the Rights Issue)
Maximum enlarged issued share capital upon completion of the Rights Issue	:	16,286,428,950 Shares (assuming new Shares are issued on or before the Rights Issue Record Date pursuant to the full exercise of all outstanding Share Options (except those held by VC) and the full conversion of all outstanding 2017 Bonds and 2019 Bonds (except those held by VC, Keen Start and/or Kingly Profits), but otherwise no other Shares (other than the Rights Shares) are issued and no repurchase of Shares on or before the completion of the Rights Issue)

Under the Rights Issue, the nil-paid Rights Shares proposed to be provisionally allotted represent 50% of the existing issued share capital of the Company and approximately 33.33% of the issued share capital of the Company as enlarged by the Rights Issue (assuming no new Shares are issued (other than the Rights Shares) and no repurchase of Shares on or before the completion of the Rights Issue).

As at the date of this announcement, there are 310,000,000 Share Options outstanding with the rights to subscribe for 310,000,000 Shares. VC, who has 5,000,000 Share Options, has undertaken that he shall not exercise any of his Share Options from the date of the Irrevocable Undertaking up to and including the Settlement Date. Assuming all outstanding Share Options (except those held by VC) are exercised in full and all Shares issuable pursuant to such exercise are issued on or before the Rights Issue Record Date, 152,500,000 additional Rights Shares would be issued.

As at the date of this announcement, there are 2017 Bonds in the principal amount of HK\$100,906,642.86 outstanding with the rights to convert into 180,190,433 Shares and 2019 Bonds in the principal amount of HK\$551,402,486.50 outstanding with the rights to convert into 402,483,565 Shares. VC has undertaken under the Irrevocable Undertaking that he shall procure each of Keen Start and Kingly Profits not to, and each of Keen Start and Kingly Profits (as the case may be) has undertaken under the Irrevocable Undertaking that it shall not exercise any of its conversion rights under the 2019 Bonds from the date of the Irrevocable Undertaking up to and including the Settlement Date. Assuming all the Bonds (except those held by VC, Keen Start and/or Kingly Profits) are converted in full and all Shares issuable pursuant to such conversion are issued on or before the Rights Issue Record Date, 259,561,981 additional Rights Shares would be issued.

Save as disclosed above, as at the date of this announcement, the Company had no other outstanding convertible securities, options or warrants in issue which would otherwise confer any right to subscribe for, convert or exchange into the existing Shares.

Rights Share Subscription Price

The Rights Share Subscription Price of HK\$0.051 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the provisional allotment of the Rights Shares under the Rights Issue or, where applicable, application for excess Rights Shares or when a renouncee of any provisional allotment of the Rights Shares or a transferee of nil-paid Rights Shares applies for the Rights Shares. The Rights Share Subscription Price represents:

- (i) a discount of approximately 12.07% to the closing price of HK\$0.058 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 13.56% to the average of the closing prices per Share as quoted on the Stock Exchange for the five previous consecutive trading days up to and including the Last Trading Day of HK\$0.059;

- (iii) a discount of approximately 14.72% to the average of the closing prices per Share as quoted on the Stock Exchange for the ten previous consecutive trading days up to and including the Last Trading Day of HK\$0.060;
- (iv) a discount of approximately 8.38% to the theoretical ex-rights price of approximately HK\$0.056 per Share based on the closing price of HK\$0.058 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (v) a discount of approximately 90.55% to the unaudited consolidated net asset value attributable to the Shareholders as at 30 June 2017 of approximately HK\$0.540 per Share.

Each Rights Share has a par value of HK\$0.01.

The Rights Share Subscription Price was determined by the Directors with reference to the market price of the Shares prior to and including the Last Trading Day. Each Qualifying Shareholder will be entitled to subscribe for the Rights Shares at the same Subscription Price in proportion to his/her/its shareholding held at 5:00 p.m. on the Rights Issue Record Date.

The Directors consider the terms of the Rights Issue, including the Rights Share Subscription Price (and the discounts to the relative values as indicated above), to be fair and reasonable and to be in the interests of the Company and the Shareholders as a whole.

Basis of provisional allotment

One (1) Rights Share (in nil-paid form) for every two (2) existing Shares held by the Qualifying Shareholders as at 5:00 p.m. on the Rights Issue Record Date. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing a PAL and lodging the same with a remittance for the Rights Shares being applied for.

Status of the Rights Shares

The Rights Shares (when allotted, issued and fully paid) will rank *pari passu* in all respects with the existing Shares in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid with a record date falling after the date of allotment and issue of the Rights Shares in their fully-paid form.

Certificates for the Rights Shares and refund cheques

Subject to the fulfilment of the conditions of the Rights Issue as set out below, certificates for all fully-paid Rights Shares are expected to be sent by ordinary post on or before Thursday, 18 January 2018 to those persons who have validly accepted and, where applicable, applied for, and paid for the Rights Shares, at their own risk.

Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be sent by ordinary post on or before Thursday, 18 January 2018 to the applicants at their own risk.

Fractions of the Rights Shares

The Company will not provisionally allot and will not accept application for any fraction of the Rights Shares. No odd lot matching services will be provided. All fractions of the Rights Shares will be disregarded and will be aggregated (rounded down to the nearest whole number) and allocated to satisfy excess application by the Qualifying Shareholders (if any) and/or disposed of in such manner as the Directors in their absolute discretion deem appropriate and for the benefits and interests of the Company.

Application for excess Rights Shares

The Qualifying Shareholders shall be entitled to apply for (a) any unsold Rights Shares which would have been allotted to the Non-Qualifying Shareholders had they been the Qualifying Shareholders; (b) any Rights Shares provisionally allotted but not validly accepted by the Qualifying Shareholders or otherwise subscribed for by renouncees or transferees of nil-paid Rights Shares; and (c) any unsold Rights Shares created by aggregating fractions of the Rights Shares. Application may be made only by the Qualifying Shareholders and only by completing an EAF and lodging the same with a separate remittance for the excess Rights Shares being applied for with the Registrar by a time which is currently expected to be 4:00 p.m. on Tuesday, 9 January 2018 or such later time as may be agreed between the Company and the Underwriters.

The Board will allocate the excess Rights Shares (if any) at its discretion, and on a fair and equitable basis, to the Qualifying Shareholders on a pro rata basis by reference to the excess Rights Shares applied for. No preference will be given to applications for topping-up odd-lot holdings to whole-board lot holdings as the giving of such preference may potentially be abused by certain Shareholders by splitting their Shares and thereby receiving more Rights Shares than they would receive if such preference is not given, which is an unintended and undesirable result.

Investors whose Shares are held by a nominee company (or which are held in CCASS) should note that the Board will regard the nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Beneficial owners with their Shares held by a nominee company (or which are held in CCASS) are advised to consider whether they would like to arrange for the relevant Shares to be registered in their own names prior to the Rights Issue Record Date.

Investors whose Shares are held by nominee(s) (or which are held in CCASS) and who would like to have their name registered on the register of members of the Company must lodge all necessary documents with the Registrar for completion of the relevant registration by 4:30 p.m. on Tuesday, 12 December 2017 (being the Latest Lodging Date).

Application for listing

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. Nil-paid Rights Shares are expected to be traded in board lots of 25,000 (as the Shares are currently traded on the Stock Exchange in board lots of 25,000). The 2017 Bonds and the 2019 Bonds are listed on Singapore Exchange Securities Trading Limited. Save as disclosed above, no part of the securities of the Company in issue or for which listing or permission to deal is being or is proposed to be sought is listed or dealt in or on any other stock exchange.

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

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Rights 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. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must (a) be registered as a member of the Company as at 5:00 p.m. on the Rights Issue Record Date; and (b) not be a Non-Qualifying Shareholder. In order to be registered as members of the Company at 5:00 p.m. on the Rights Issue Record Date, all transfer documents of the Shares (together with the relevant share certificate(s)) must be lodged for registration with the Registrar by 4:30 p.m. (Hong Kong time) on Tuesday, 12 December 2017 (being the Latest Lodging Date). The last day of dealings in the Shares on a cum-rights basis is Friday, 8 December 2017. The Shares will be dealt with on an ex-rights basis from Monday, 11 December 2017. The particulars of the Registrar are as follows:

Tricor Standard Limited

Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong
Tel: (852) 2980 1333
Fax: (852) 2810 8185

The Company will send the Rights Issue Documents to the Qualifying Shareholders on the Posting Date.

Non-Qualifying Shareholders

If there are Overseas Shareholders at 5:00 p.m. on the Rights Issue Record Date, the Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

The Board will make enquiries pursuant to Rule 13.36(2)(a) of the Listing Rules as to the applicable securities legislation of the relevant overseas jurisdictions or the requirements of any relevant regulatory body or stock exchange for the issue of the Rights Shares to the Overseas Shareholders. If, after making such enquiries, the Board is of the opinion that it would be necessary or expedient, on account of either the legal restrictions under the laws of the relevant jurisdiction or any requirement of the relevant regulatory body or stock exchange in that jurisdiction, not to offer the Rights Shares to any of the Overseas Shareholders, no provisional allotment of nil-paid Rights Shares or allotment of fully-paid Rights Shares will be made to such Overseas Shareholders. Accordingly, the Rights Issue will not be extended to the Non-Qualifying Shareholders and no Rights Shares will be provisionally allotted to them. The Company will, for information only and to the extent reasonably practicable, send the Rights Issue Prospectus to the Non-Qualifying Shareholders on the Posting Date but will not send the PALs or the EAFs to them. The Rights Issue Documents are not intended to be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence on the Stock Exchange but before the last date for dealings in nil-paid Rights Shares, if a premium (net of expenses) can be obtained. The proceeds of each sale, less expenses and stamp duty, of more than HK\$100 will be paid by the Company to the relevant Non-Qualifying Shareholder(s) pro rata to their shareholdings in the Company at 5:00 p.m. on the Rights Issue Record Date in Hong Kong dollars. The Company will retain individual amounts of HK\$100 or less for the benefit of the Company. Any unsold entitlements of the Non-Qualifying Shareholders will, as referred to above in this announcement, be made available to meet excess applications on EAFs by the Qualifying Shareholders.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue subject to the results of the enquiries made by the Directors pursuant to Rule 13.36(2)(a) of the Listing Rules. Accordingly, the Overseas Shareholders should exercise caution when dealing in the Shares.

2. *Closure of Register of Members*

The register of members of the Company will be closed from Wednesday, 13 December 2017 to Tuesday, 19 December 2017 (both days inclusive) for determining the entitlement to the Rights Issue. No transfer of Shares will be registered during this period.

3. *Underwriting Arrangement*

Underwriting Agreement

Date	:	17 November 2017
Underwriters	:	(1) Keen Start, (2) China Rich and (3) Enlighten Securities
Number of Rights Shares	:	5,014,247,669 Rights Shares (assuming no new Shares are issued (other than the Rights Shares) and no repurchase of Shares on or before the Rights Issue Record Date); and 5,428,809,650 Rights Shares (assuming new Shares are issued on or before the Rights Issue Record Date pursuant to the full exercise of all outstanding Share Options (save for those held by VC) and the full conversion of all outstanding 2017 Bonds and 2019 Bonds (save for those held by VC, Keen Start and/or Kingly Profits), but otherwise no other Shares (other than the Rights Shares) are issued and no repurchase of Shares on or before the Rights Issue Record Date)

- Number of Underwritten Shares : all the Rights Shares to be issued by the Company pursuant to the Rights Issue, other than those taken up by the IU Shareholders, underwritten by the Underwriters pursuant to the terms of the Underwriting Agreement
- Respective Underwriting Commitment of the Underwriters : (1) Keen Start has the obligation to subscribe or procure subscribers for such number of the Underwritten Shares not taken up subject to a maximum of 2,200,000,000 the Underwritten Shares (the “**Underwriter A Underwriting Commitment**”);
- (2) if the number of the Underwritten Shares not taken up exceeds Underwriter A Underwriting Commitment: (i) China Rich has the obligation to subscribe or procure subscribers for 50% of all the Underwritten Shares not taken up less Underwriter A Underwriting Commitment and (ii) Enlighten Securities has the obligation to subscribe or procure subscribers for 50% of all the Underwritten Shares not taken up less Underwriter A Underwriting Commitment
- Commission : 1% of the aggregate Rights Share Subscription Price of the total Underwritten Shares according to the respective underwriting commitment of China Rich and Enlighten Securities; and 1% of the aggregate Rights Share Subscription Price of the Underwritten Shares to be actually taken up (if any) by Keen Start, provided that in the case of Keen Start, the total amount of the commission to be received by Keen Start shall not in any event exceed HK\$3,000,000

As Keen Start is holding 1,187,640,997 Shares (representing approximately 11.84% of the existing issued share capital of the Company and is a company indirectly wholly-owned by VC (a Director and a substantial shareholder of the Company)), Keen Start is a substantial shareholder of the Company and is an associate of VC, hence a connected person of the Company under the Listing Rules.

Accordingly, the payment of the commission by the Company to Keen Start under the Underwriting Agreement constitutes a connected transaction of the Company under the Listing Rules. As one or more of the applicable percentage ratios set out in the Listing Rules in respect of the commission payable by the Company to Keen Start under the Underwriting Agreement exceed 0.1% but are less than 5% and the total commission to be received by Keen Start shall not in any event exceed HK\$3,000,000, and that the Directors (excluding VC) consider that the commission is on normal commercial terms, such payment is fully exempted under Rule 14A.76 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, each of China Rich and Enlighten Securities and their respective ultimate holding companies are Independent Third Parties.

Subject to the fulfilment of the conditions (or any waiver, as the case may be, by the Underwriters) contained in the Underwriting Agreement and provided that the Underwriting Agreement is not terminated prior to the Latest Time for Termination in accordance with the terms thereof, the Underwriters have agreed to subscribe or procure the subscription for all Underwritten Shares that are not taken up by the Qualifying Shareholders according to their respective underwriting commitment.

The Board considers that the Underwriting Agreement is on normal commercial terms and is fair and reasonable so far as the Shareholders are concerned.

Conditions to the Rights Issue and the Underwriting Agreement

The Rights Issue is conditional upon (i) the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms; and (ii) permission to deal in and listing of all the Rights Shares (in their nil-paid and fully-paid forms) being granted by the Stock Exchange and not being withdrawn or revoked.

The obligations of the Underwriters to subscribe or procure subscribers for the Underwritten Shares pursuant to the Underwriting Agreement are conditional upon the happening of the following events by no later than the dates and times (where relevant) specified below respectively (or, in each case, such later date or time as the Underwriters may agree with the Company in writing):

- (i) the issue and publication of this announcement within two (2) Business Days of the date of the Underwriting Agreement;
- (ii) if required, the Bermuda Monetary Authority having given, in form satisfactory to the Company, all necessary consents, approvals and authorisations in connection with the Rights Shares and the Rights Issue including, without limitation, the increase in the authorized share capital of the Company (if required) and the issue and free transferability of the Rights Shares in accordance with their terms;
- (iii) the posting on or before the Posting Date of the Rights Issue Documents to the Qualifying Shareholders;
- (iv) on or before the Latest Acceptance Date, the Listing Committee granting or agreeing in principle to grant (subject to allotment), and not having revoked the grant of, listing of and permission to deal in the Rights Shares in both their nil-paid and fully-paid forms; and

- (v) on or before the Latest Acceptance Date, the IU Shareholders or their respective associates or nominees (including the relevant CCASS participant(s), if applicable) having taken up and paid for the Rights Shares provisionally allotted to them in respect of the IU Shares, by way of accepting the provisional allotments of such Rights Shares, accompanied by cheque or other remittances for the respective amounts payable on acceptance.

If the conditions set out above are not fulfilled (or waived in whole or in part by the Underwriters) by the relevant dates and times specified therein (or, in each case, such later date or time as the Underwriters may agree with the Company in writing), then all liabilities of the parties to the Underwriting Agreement will cease and determine and no party will have any claim against the others (except in respect of any antecedent breaches), save that certain provisions of the Underwriting Agreement shall continue in full force and effect and save that all out-of-pocket expenses (excluding sub-underwriting fees, if any, and related expenses) as may have been reasonably and properly incurred by the Underwriters in connection with the proposed Rights Issue shall be borne by the Company and paid, or, where appropriate, reimbursed, to the Underwriters, within seven (7) Business Days, on demand.

Termination of the Underwriting Agreement

If at or prior to the Latest Time for Termination:

- (i) there develops, occurs or comes into force:
 - a. the introduction of any new law or any change in existing laws which in the reasonable opinion of the Underwriters have or is likely to have a Material Adverse Effect; or
 - b. any material change in international economic, financial, political or military conditions which in the reasonable opinion of the Underwriters is or may have a Material Adverse Effect; or

- c. any material change in international stock market conditions (including any moratorium, prolonged suspension of or material restriction on trading in securities generally but excluding any trading halt or suspension of trading in respect of the Shares or the Company) which in the reasonable opinion of the Underwriters would materially and adversely affect the Rights Issue or makes it inadvisable or inexpedient to proceed therewith; or
- (ii) there comes to the notice of the Underwriters any matter or event showing any of the warranties given by the Company under the Underwriting Agreement to be untrue or inaccurate in any material respect which in the reasonable opinion of the Underwriters is materially adverse in the context of the Rights Issue,

then and in any such case the Underwriters may jointly (after consultation with the Company) by notice in writing to the Company given at any time up to the Latest Time for Termination terminate (save as specified below) the Underwriting Agreement and thereupon all obligations of the Company and the Underwriters shall cease and determine, in which event the Company and the Underwriters shall thereupon forthwith give instructions to the Registrar to return all moneys received from subscribers for the Rights Shares and provided further that certain provisions of the Underwriting Agreement shall continue in full force and effect and all costs, charges and expenses which have been reasonably and properly incurred by the Underwriters in connection with the Rights Issue (excluding sub-underwriting fees, if any, and related expenses) shall still be borne and paid by the Company.

4. Irrevocable Undertaking to Subscribe for Rights Shares

As at the date of this announcement, the IU Shareholders held an aggregate of 1,494,941,855 Shares, representing approximately 14.91% of the existing issued share capital of the Company.

Irrevocable Undertaking

VC, Keen Start and Kingly Profits have jointly and severally, irrevocably and unconditionally represented, warranted and undertaken under the Irrevocable Undertaking to and with the Company and the Underwriters, that:

- (i) each of Keen Start and Kingly Profits owns beneficially, at the time of execution of the Irrevocable Undertaking, and will on the Rights Issue Record Date own beneficially 1,187,640,997 and 307,300,858 Shares (collectively the “**IU Shares**”), respectively;
- (ii) each of them shall not, and shall procure that its associates or nominees (including the CCASS participant(s) holding any IU Shares on its behalf) shall not, within the period commencing on the date of the Irrevocable Undertaking and ending on the Settlement Date transfer or otherwise dispose of or create any rights in respect of any of the IU Shares or dispose of, directly or indirectly, any interest in any company which is beneficially interested in any of the IU Shares; and
- (iii) subject to the Company despatching the Rights Issue Documents to the Qualifying Shareholders, each of them shall take up and pay for or shall procure that there are taken up and paid for by its associates or nominees (including the CCASS participant(s) holding any IU Shares on its/his behalf), at or before 4:00 p.m. on the Latest Acceptance Date in accordance with the terms of the Rights Issue Documents, all the Rights Shares which will be provisionally allotted to it (and/or registered in the name of HKSCC Nominees Limited) and its associates or nominees (including the CCASS participant(s) holding any IU Shares on its behalf) in respect of the IU Shares pursuant to the Rights Issue.

VC has undertaken under the Irrevocable Undertaking that he shall procure each of Keen Start and Kingly Profits not to, and each of Keen Start and Kingly Profits (as the case may be) has undertaken that it shall not, exercise any of its conversion rights under the 2019 Bonds from the date of the Irrevocable Undertaking up to and including the Settlement Date.

VC, who has 5,000,000 Share Options, has undertaken that he shall not exercise any of his Share Options from the date of the Irrevocable Undertaking up to and including the Settlement Date.

5. Expected Timetable for the Rights Issue

2017

This announcement	Sunday, 19 November
Last day of dealing in Shares on a cum-rights basis.....	Friday, 8 December
First day of dealing in Shares on an ex-rights basis	Monday, 11 December
Latest time for lodging transfer documents of Shares in order to be qualified for the Rights Issue	4:30 p.m. on Tuesday, 12 December
Register of members of the Company closes for determining entitlements under Rights Issue (both days inclusive)	Wednesday, 13 December to Tuesday, 19 December
Record Date for determining entitlements under Rights Issue	Tuesday, 19 December
Register of members of the Company reopens	Wednesday, 20 December
Despatch of Rights Issue Documents	Wednesday, 20 December
First day of dealing in nil-paid Rights Shares	Friday, 22 December
Latest time for splitting nil-paid Rights Shares	4:30 p.m. on Friday, 29 December

Last day of dealing in nil-paid Rights Shares. Thursday, 4 January

Latest time for acceptance of and payment
for Rights Shares and application and
payment for excess Rights Shares. 4:00 p.m. on
Tuesday, 9 January

Latest time for the Rights Issue to
become unconditional. 4:00 p.m. on
Wednesday, 10 January

Announcement of the results of the Rights Issue
to be posted on the Stock Exchange's website and
the Company's website on or before. Wednesday, 17 January

Refund cheques for wholly and
partially unsuccessful excess applications
to be posted on or around. Thursday, 18 January

Share certificates for fully-paid Rights Shares
to be posted Thursday, 18 January

Dealing of Rights Shares in
fully-paid form commences 9:00 a.m. on
Friday, 19 January

Note: All times and dates in this announcement refer to Hong Kong local times and dates. Shareholders should note that the dates or deadlines specified in the expected timetable of the Rights Issue as set out above, and in other parts of this announcement, are indicative only and may be varied by agreement between the Company and the Underwriters. In the event that any special circumstances arise, the Board may extend, or make adjustment to, the timetable if it considers appropriate. Any such extension or adjustment to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

6. *Effect of Bad Weather on the Latest Time for Acceptance of and Payment for the Rights Shares and for Application and Payment for Excess Rights Shares*

The latest time for acceptance of and payment for Rights Shares and for application and payment for excess Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; and
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Acceptance Date. Instead the latest time of acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place on the Latest Acceptance Date, the dates mentioned in the “Expected Timetable for the Rights Issue” section may be affected. The Company will notify the Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

7. *Warning of the Risks of Dealing in the Shares and the Nil-paid Rights Shares*

The Shares are expected to be dealt in on an ex-rights basis from Monday, 11 December 2017. Dealings in the Rights Shares in nil-paid form are expected to take place from Friday, 22 December 2017 to Thursday, 4 January 2018 (both days inclusive). The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional. If the conditions of the Rights Issue are not fulfilled or waived, including the termination of the Underwriting Agreement by the Underwriters, the Rights Issue will not proceed.

Any Shareholder or other person contemplating transferring, selling or purchasing Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or Rights Shares. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (including the date on which the Underwriters' right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

8. *Shareholders' Approval Not Required*

The Rights Issue is not required to be approved by the Shareholders in general meeting.

9. Taxation

Shareholders are advised to consult their professional advisers if they are in any doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the Rights Shares, and regarding the Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

10. General

As Keen Start is indirectly wholly-owned by VC, VC has abstained from voting on the board resolution approving the Underwriting Agreement.

After considering the reasons for conducting the Rights Issue and the benefits expected to accrue to the Company as set out in the section headed “Reasons for the Proposed Fund Raising Plans and Intended Use of Proceeds” in this announcement, the Directors (including the independent non-executive Directors) of the Company consider that the terms of the Underwriting Agreement are on normal commercial terms, fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

The Rights Issue Prospectus containing, among other things, further details of the Rights Issue is expected to be despatched by the Company to the Qualifying Shareholders and, for information only and to the extent reasonably practicable, to the Non-Qualifying Shareholders and the holders of the Share Options, the 2017 Bonds and the 2019 Bonds on the Posting Date. The PALs and the EAFs will also be sent to the Qualifying Shareholders on the same date.

Those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted.

B. Keen Start CB Subscription

1. Major Terms of the CB Subscription Agreement

Date: 17 November 2017 (after trading hours)

Parties: (i) the Company (as Issuer); and

(ii) Keen Start (as subscriber)

Issue and subscription of the Convertible Bonds

Pursuant to the CB Subscription Agreement, the Company has, among other things, conditionally agreed to issue to Keen Start and Keen Start has conditionally agreed to subscribe for the Convertible Bonds. The aggregate principal amount of the Convertible Bonds is HK\$167,500,000.

Assuming full conversion of the Convertible Bonds at the initial Conversion Price of HK\$0.067 per Share, a total of 2,500,000,000 Conversion Shares will be issued by the Company, representing (i) approximately 24.93% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 19.95% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares (assuming there are no other changes to the issued share capital of the Company from the date of this announcement and prior to completion of the CB Subscription). The aggregate nominal value of the Conversion Shares is HK\$25,000,000.

The net price of each Conversion Share, based on the initial Conversion Price, is approximately HK\$0.066.

Conditions Precedent

Completion of the CB Subscription is subject to the fulfilment of the following conditions:

- (i) the granting of the approval by the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares and such approval not being revoked prior to the CB Subscription Completion Date;
- (ii) the Shareholders (other than those who are required to abstain from voting under the Listing Rules) having approved the CB Subscription Agreement, the bond instrument and the bond certificate and the transactions contemplated thereunder (including the Specific Mandate) at the SGM;
- (iii) the Shareholders having approved the Increase in Authorized Share Capital at the SGM;
- (iv) the Company having obtained any consent from the relevant governmental or regulatory authorities or other third parties which are necessary to be obtained for the execution and performance of the CB Subscription Agreement, the bond instrument and the bond certificate by the Company and any of the transactions contemplated therein;
- (v) the representations and warranties of the Company contained in the CB Subscription Agreement, the bond instrument or the bond certificate being true, accurate and correct in all material respects during the period beginning on the date of the CB Subscription Agreement and ending on the CB Subscription Completion Date;
- (vi) the Company having duly performed and observed all the obligations, undertakings, covenants and agreements required to be performed and observed by it prior to the CB Subscription Completion Date under the CB Subscription Agreement, the bond instrument and the bond certificate; and
- (vii) no default is continuing or would result from the proposed issue by the Company of the Convertible Bonds or the Conversion Shares to Keen Start.

The conditions precedent in (i) to (iii) (insofar as it relates to government or regulatory approvals) cannot be waived by either party to the CB Subscription Agreement. The conditions precedent in (iv) to (vii) may be waived by Keen Start in its sole and absolute discretion. Subject to the foregoing, if any of the above conditions precedent has not been fulfilled or waived (if applicable) by Keen Start on or before 10 March 2018 (or such later date as may be agreed by the parties in writing provided that such date is on or before 30 April 2018 (or such later date as may be agreed by the parties to the CB Subscription Agreement in writing)), then the CB Subscription Agreement shall lapse immediately thereafter and be of no further effect and no party to the CB Subscription Agreement shall have any claim against or liability or obligation to any other party save for any rights or obligations which may accrue prior to the date of such termination.

Completion

Completion shall take place on the CB Subscription Completion Date in accordance with the terms of the CB Subscription Agreement.

Ranking

The Conversion Shares (when issued) shall rank *pari passu* in all respects with the existing Shares in issue as at the CB Subscription Completion Date.

Application for listing

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

Principal Terms of the CB Subscription

Issuer	:	the Company
Subscriber	:	Keen Start
Principal Amount:	:	up to HK\$167,500,000 principal amount of its 3.00% convertible bonds due 2023, convertible into fully paid ordinary shares with a par value of HK\$0.01 each in the issued and paid up capital of the Company
Issue Date	:	10 March 2018 or such later date as may be agreed between the Issuer and Keen Start (the “ Issue Date ”)
Issue Price	:	100% of the principal amount of the Convertible Bond
Form and Denomination:	:	The Convertible Bonds are and will be issued in registered form, in denominations of HK\$2,500,000 each
Maturity Date:	:	The date falling 5 years after the Issue Date (the “ Maturity Date ”)
Interest:	:	The Convertible Bonds bear interest at the rate of 3.00% per annum payable semi-annually in arrears on the month and date falling 6 months after the Issue Date and the month and date falling 12 months after the Issue Date in each calendar year

- Negative Pledge : So long as any Convertible Bond remains outstanding, the Company shall not, and the Company shall procure that none of its Subsidiaries will, create or permit to subsist any Security Interest, upon the whole or any part of its present or future undertaking, asset or revenues (including uncalled capital) to secure any Relevant Indebtedness, or guarantee of the Relevant Indebtedness without (i) at the same time or prior thereto securing the Convertible Bonds equally and rateably therewith to the satisfaction of the Bondholders; or (ii) providing such other security for the Convertible Bonds as the Bondholders may in its absolute discretion consider to be not materially less beneficial to the interests of the Bondholders, save for any Security Interest created over any undertaking, assets or revenues of a subsidiary incorporated in the PRC to secure any Relevant Indebtedness or any guarantee of the Relevant Indebtedness of a subsidiary incorporated in the PRC where such Relevant Indebtedness is issued, offered or provided in the PRC
- Conversion Period : From the 40th calendar day after the Issue Date up to the close of business on the 10th calendar day prior to the Maturity Date

Restrictions on Conversions : Notwithstanding anything provided in the bond instrument, the Conversion Rights of the Bondholder and the Company's obligation to effect any conversion in respect of any conversion notice shall be subject to the Company's compliance with Rule 8.08(1)(a) of the Listing Rules on the Conversion Date. For the avoidance of doubt, the Company shall not be obliged to issue any Conversion Share to the Bondholder if the above condition is not met on the Conversion Date

Conversion Price : The initial Conversion Price is HK\$0.067 per Share, representing:

- (i) a premium of 15.52% over the closing price of HK\$0.058 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 13.56% over the average closing price of HK\$0.059 per Share for the last five consecutive trading days up to and including the Last Trading Day; and
- (iii) a premium of approximately 12.04% over the average closing price of HK\$0.060 per Share for the last ten consecutive trading days up to and including the Last Trading Day.

The initial Conversion Price was determined after arm's length negotiations between the Company and Keen Start with reference to, among others, the prevailing market price of the Shares.

- Adjustments to Conversion Price : The Conversion Price shall from time to time be subject to adjustments upon occurrence of the events set as follows:
- (i) alteration to the nominal value of the Shares as a result of consolidation, subdivision or reclassification;
 - (ii) capitalisation of profits or reserves;
 - (iii) if the Company shall pay or make any distribution to Shareholders;
 - (iv) issue of Shares to all or substantially all Shareholders as a class by way of rights issue, or an issue or grant to all or substantially all Shareholders as a class, by way of rights issue, options, warrants or other rights to subscribe for or purchase or otherwise acquire any Shares, in each case at less than 95% of the then current market price. For the avoidance of doubt, the Conversion Price shall not be subject to adjustments upon occurrence of issue of Rights Shares by way of by the Rights Issue;
 - (v) rights issues of other securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares);

- (vi) issue of any Shares (other than Shares issued on the exercise of Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Shares) or issue or grant options, warrants or other rights (other than the Conversion Rights under the Bonds) to subscribe for, purchase or otherwise acquire any Shares, in each case at a price per Share which is less than 95% of the then current market price. For the avoidance of doubt, the Conversion Price shall not be subject to adjustments upon occurrence of issue and allotment of Shares to a strategic investor as disclosed in the announcement of the Company dated 31 August 2017;
- (vii) issue wholly for cash of any securities which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Issuer upon conversion, exchange or subscription at a consideration per Share which is less than 95% of the then current market price;
- (viii) modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in (vii) (other than in accordance with the terms of such securities) so that the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is reduced and is less than 95% of the then current market price;
- (ix) other offers to Shareholders; and
- (x) Change of Control.

If the Company determines that an adjustment should be made to the Conversion Price as a result of one or more events or circumstances or that an adjustment should be made in a certain manner, or that an adjustment should not be made or that the effective date for the relevant adjustment should be a date other than that mentioned above, the Company may, at its own expense, request a Professional Adviser, acting as expert, to determine as soon as practicable (i) what adjustment is fair and reasonable to take account thereto and is appropriate to give the result which the Professional Adviser considers in good faith to reflect the intentions of the provisions of the relevant condition; and (ii) the date on which such adjustment should take effect; and upon such determination such adjustment shall be made and shall take effect in accordance with such determination.

The Conversion Price may not be reduced so that, on conversion of the Convertible Bonds, Shares would fall to be issued at a discount to their par value or Shares would be required to be issued in any other circumstances not permitted by applicable laws then in force in Hong Kong or Bermuda

Final Redemption : Unless previously redeemed, converted or purchased and cancelled in the circumstances referred to in the bond instrument, the Company will redeem each Convertible Bond at its principal amount together with accrued and unpaid interest thereon on the Maturity Date

Redemption at the option : On giving not less than 30 nor more than 60
of the Company calendar days' notice to the Bondholders (which notice will be irrevocable), the Company may (i) at any time after the date falling 3 years after the Issue Date and prior to the Maturity Date redeem in whole, or in part, the Convertible Bonds for the time being outstanding at their principal amount together with interest accrued to the date fixed for redemption, provided that the closing price of the Shares for each of 20 consecutive Trading Days, the last of which occurs not more than five Trading Days prior to the date upon which notice of such redemption is published was at least 130% of the prevailing Conversion Price; or (ii) at any time prior to the Maturity Date redeem in whole, but not in part, the Convertible Bonds for the time being outstanding at their principal amount together with interest accrued to the date fixed for redemption provided that prior to the date of such notice at least 90% in principal amount of the Convertible Bonds originally issued has already been converted, redeemed or purchased and cancelled. If there shall occur an event giving rise to a change in the Conversion Price during any such 20 Trading Day period, appropriate adjustments for the relevant days shall be made, as determined by a Professional Adviser, for the purpose of calculating the closing price for such days

Redemption for Delisting, Suspension of Trading or Change of Control	:	If at any time (i) the Shares cease to be listed or admitted to trading or suspended for trading for a period equal to or exceeding 30 consecutive Trading Days on the Stock Exchange or if, applicable, the Alternative Stock Exchange; or (ii) there is a Change of Control, the holder of each Convertible Bond will have the right at such holder's option, to require the Company to redeem all or some only of such holder's Convertible Bonds at their principal amount with interest accrued to the relevant date for redemption
Redemption at the option of the Bondholders	:	The Company will, at the option of the holder of any Convertible Bond redeem all or some only of such holder's Convertible Bonds on the date falling 3 years after the Issue Date (the " Put Option Date ") at their principal amount together with interest accrued to the Put Option Date
Mandatory offer obligation	:	If applicable, each relevant Bondholder undertakes that it will, and will procure its parties acting in concert within the meaning of the Takeovers Code, to comply with their respective obligations under the Takeovers Code, including the mandatory offer obligations under Rule 26.1 of the Takeovers Code, within the timeframe prescribed by the Takeovers Code, or where applicable, obtain a whitewash waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code
Listing	:	An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares

Transferability	:	The Convertible Bonds are freely transferable
Status	:	The Convertible Bonds constitute direct, unconditional, unsubordinated and (subject to the terms and conditions) unsecured obligations of the Company and shall at all times rank <i>pari passu</i> and without any preference or priority among themselves. The payment obligations of the Company under the Convertible Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to the terms and conditions, at all times rank at least equally with all of its other present and future unsecured and unsubordinated obligations

2. Listing Rules Implications

As Keen Start is holding 1,187,640,997 issued Shares (representing approximately 11.84% of the existing issued share capital of the Company and is a company indirectly wholly-owned by VC (a Director and a substantial shareholder of the Company)), Keen Start is a substantial shareholder of the Company and is an associate of VC, hence a connected person of the Company under the Listing Rules.

Accordingly, the CB Subscription constitutes a connected transaction of the Company under the Listing Rules and is subject to announcement, reporting and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As VC has a material interest in the CB Subscription Agreement and the transactions contemplated thereunder, VC has abstained from voting on the relevant Board resolution.

3. General

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the CB Subscription Agreement and the transactions contemplated thereunder. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

II. PROPOSED INCREASE IN AUTHORIZED SHARE CAPITAL

As at the date of this announcement, the existing authorized share capital of the Company is HK\$200,000,000 divided into 20,000,000,000 Shares, of which 10,028,495,338 Shares are in issue.

In order to allow sufficient authorized share capital after completion of the Proposed Fund Raising Plans, the Board proposes to increase the authorized share capital of the Company to HK\$500,000,000 divided into 50,000,000,000 Shares by the creation of an additional 30,000,000,000 Shares which shall rank *pari passu* with the existing Shares in all respects upon allotment and issue.

The Increase in Authorized Share Capital is subject to the approval of the Shareholders at the SGM.

III. SGM

The SGM will be held and convened for (1) the Independent Shareholders to consider, and if thought fit, approve the CB Subscription Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) and (2) the Shareholders to consider, and if thought fit, approve the Increase in Authorized Share Capital.

Any Shareholder who is interested in the CB Subscription shall abstain from voting on the resolution(s) to approve the CB Subscription Agreement and the transactions contemplated thereunder at the SGM. To the best of the Director's knowledge, information and belief after having made all reasonable enquiries, save for VC and its associates, no Shareholder is interested in the CB Subscription and will be required to abstain from voting on the resolution(s) to approve the CB Subscription Agreement and the transaction contemplated thereunder at the SGM.

Any Shareholder who is interested in the Increase in Authorized Share Capital shall abstain from voting on the resolution(s) to approve the Increase in Authorized Share Capital at the SGM. To the best of the Director's knowledge, information and belief after having made all reasonable enquiries, no Shareholder is interested in the Increase in Authorized Share Capital and will be required to abstain from voting on the resolution(s) to approve the Increase in Authorized Share Capital at the SGM.

A circular containing, among other things, (i) further details of the CB Subscription and the Increase in Authorized Share Capital; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the CB Subscription Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the CB Subscription Agreement and the transactions contemplated thereunder; and (iv) a notice convening the SGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

IV. INFORMATION OF THE PARTIES

The Group is principally engaged in lottery system and games development business and distribution and marketing of lottery products in the PRC.

Keen Start is principally engaged in investment holding.

China Rich is a registered institution under the SFO to conduct Type 1 (dealing in securities) regulated activities.

Enlighten Securities is a registered institution under the SFO to conduct Type 1 (dealing in securities) regulated activities.

V. REASONS FOR THE PROPOSED FUND RAISING PLANS AND INTENDED USE OF PROCEEDS

As at 30 June 2017, the total current offshore liabilities of the Company amounted to approximately HK\$1.1 billion. This comprises (i) outstanding amounts due under the Bonds; (ii) the Shareholder's Loan of approximately HK\$411 million, a part of which is payable on demand and the remainder is repayable within less than half a year from the date of this announcement; and (iii) other liabilities of approximately HK\$13 million. As at 30 June 2017 and the date of this announcement, the aggregate outstanding principal amount of the 2017 Bonds and the 2019 Bonds are HK\$100,906,642.86 and HK\$551,402,486.50 respectively, including the 2019 Bonds in the outstanding principal amount of HK\$87,063,550.50 held by VC and/or his associates. The Company confirms that it has sufficient offshore financial resources to satisfy the repayment obligations under the Bond Terms and the other liabilities as set out above.

The estimated gross proceeds and the net proceeds (after deducting professional fees and other related expenses) from the Proposed Fund Raising Plans will be approximately HK\$423,227,000 and HK\$415,227,000, respectively. Upon completion of the Proposed Fund Raising Plans, the Company will have sufficient offshore resources to satisfy all current offshore liabilities. In these circumstances, it is the intention of the Company to firstly repay the Bonds and then repay the other offshore liabilities as set out above by applying its offshore financial resources (which includes the proceeds from the Disposal) and the net proceeds from the Proposed Fund Raising Plans.

The Board believes that after the completion and repayment of the existing liabilities, the Company will be able to strengthen its capital structure and resume its sound financial position underpinned by an improved overall cash flow, gearing and liquidity position which will allow the Company to pursue its business strategy and re-focus on growing its business in the long run. It would also allow Qualifying Shareholders the opportunity to maintain their respective pro rata shareholding interests in the Company by participating in the Rights Issue. In addition, in support of the Proposed Fund Raising Plans, VC provided an undertaking to the Company that he and his associates will not make a demand on the Shareholder's Loan until after the completion of the Proposed Fund Raising Plans (or the termination of either the Rights Issue pursuant to the terms of the Underwriting Agreement or the CB Subscription Agreement pursuant to the terms of the CB Subscription Agreement).

The estimated expenses of the Rights Issue (including the underwriting commission, printing, registration, translation, legal, accounting and documentation charges) are estimated to be approximately HK\$249,747,000 and will be payable by the Company. The net Right Share Subscription Price per Rights Share upon full acceptance of the relevant provisional allotment of Rights Shares is expected to be approximately HK\$0.050 per Rights Share.

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

The Directors (excluding VC and excluding the independent non-executive Directors who will form their views after considering the recommendation of the independent financial adviser) consider that the terms of the CB Subscription Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

VI. EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below are the changes in the shareholding structure of the Company arising from the Rights Issue and issue of the Conversion Shares: (i) assuming no new Shares (other than the Rights Issue) will be issued and no repurchase of Shares on or before the completion of the Rights Issue; and (ii) assuming that, immediately after the allotment and issue of the Rights Shares, the Conversion Shares are issued upon full conversion of the Convertible Bonds at the initial Conversion Price (assuming there are no other changes to the issued share capital of the Company from the date of this announcement and prior to the completion of the Rights Issue).

- (i) Assuming no new Shares (other than the Rights Issue) will be issued and no repurchase of Shares on or before the completion of the Rights Issue:

	As at the date of this announcement		Shareholding immediately after completion of the Rights Issue			
			Assuming 0% taken up by the Qualifying Shareholders other than the IU Shareholders		Assuming 100% taken up by the Qualifying Shareholders	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Kingly Profits <i>Note (1)</i>	307,300,858	3.06	460,951,287	3.06	460,951,287	3.06
Keen Start <i>Note (1)</i>	1,187,640,997	11.84	3,981,461,495	26.47	1,781,461,495	11.84
The Independent Underwriters <i>Note (2)</i>	0	0	2,066,776,742	13.74	0	0
Public Shareholders	8,533,553,483	85.10	8,533,553,483	56.73	12,800,330,225	85.10
Total	<u>10,028,495,338</u>	<u>100.00</u>	<u>15,042,743,007</u>	<u>100.00</u>	<u>15,042,743,007</u>	<u>100.00</u>

Notes:

- (1) As at the date of this announcement, 307,300,858 Shares are held by Kingly Profits and 1,187,640,997 Shares are held by Keen Start. Both Kingly Profits and Keen Start are wholly-owned by Smart Ease Corporation, which is in turn wholly-owned by VC. Kingly Profits is a holder of the 2019 Bonds in the principal amount of HK\$87,063,550.50. VC also has personal interests in 5,000,000 underlying Shares derived from the Share Options granted by the Company on 29 September 2016.
- (2) Pursuant to the Underwriters' underwriting obligations pursuant to the Underwriting Agreement.

- (ii) Assuming that, immediately after the allotment and issue of the Rights Shares, the Conversion Shares are issued upon full conversion of the Convertible Bonds at the initial Conversion Price (assuming there are no other changes to the issued share capital of the Company from the date of this announcement and prior to the completion of the Rights Issue):

	As at the date of this announcement		Shareholding immediately after completion of the Rights Issue and issue of the Conversion Shares upon full conversion of the Convertible Bonds at the initial Conversion Price			
	Number of Shares	%	Assuming 0% taken up by the Qualifying Shareholders other than the IU Shareholders		Assuming 100% taken up by the Qualifying Shareholders	
			Number of Shares	%	Number of Shares	%
Kingly Profits <i>Note (1)</i>	307,300,858	3.06	460,951,287	2.63	460,951,287	2.63
Keen Start <i>Note (1)</i>	1,187,640,997	11.84	6,481,461,495	36.95	4,281,461,495	24.41
The Independent Underwriters <i>Note (2)</i>	0	0	2,066,776,742	11.78	0	0
Public Shareholders	8,533,553,483	85.10	8,533,553,483	48.64	12,800,330,225	72.96
Total	<u>10,028,495,338</u>	<u>100.00</u>	<u>17,542,743,007</u>	<u>100.00</u>	<u>17,542,743,007</u>	<u>100.00</u>

Notes:

- (1) As at the date of this announcement, 307,300,858 Shares are held by Kingly Profits and 1,187,640,997 Shares are held by Keen Start. Both Kingly Profits and Keen Start are wholly-owned by Smart Ease Corporation, which is in turn wholly-owned by VC. Kingly Profits is a holder of the 2019 Bonds in the principal amount of HK\$87,063,550.50. VC also has personal interests in 5,000,000 underlying Shares derived from the Share Options granted by the Company on 29 September 2016.
- (2) Pursuant to the Underwriters' underwriting obligations pursuant to the Underwriting Agreement.

VII. ADJUSTMENTS IN RELATION TO THE SHARE OPTIONS AND THE BONDS

As at the date of this announcement, (i) the conversion price of the 2017 Bonds is HK\$0.56 per Share; (ii) the conversion price of the 2019 Bonds is HK\$1.37 per Share; and (iii) the exercise price of the outstanding Share Options is HK\$0.1082 per Share.

As a result of the Rights Issue, (i) the exercise price of, and/or the number of Shares subject to, the outstanding Share Options will be adjusted in accordance with the terms and conditions of the Share Option Scheme; and (ii) the conversion price of the outstanding 2017 Bonds and the 2019 Bonds will be adjusted in accordance with the terms and conditions of the 2017 Bonds and the 2019 Bonds, respectively.

Pursuant to the “Supplementary Guidance on Main Board Listing Rule 17.03(13) and the note immediately after the Rule” published by the Stock Exchange, the adjustment of the exercise price of the Share Options will depend on the closing price as shown in the Daily Quotation Sheet of the Stock Exchange on the last day of dealing in the Shares on a cum-rights basis, which is currently expected to be 8 December 2017. Further announcement(s) will be made by the Company on such adjustments and its effective date as and when appropriate.

Pursuant to the terms and conditions of the 2017 Bonds and the 2019 Bonds, respectively, the conversion price of the 2017 Bonds and the 2019 Bonds shall be adjusted to HK\$0.52 and HK\$1.29, respectively. Such adjustments shall become effective on the first date on which the Shares are traded ex-rights, which is currently expected to be 11 December 2017.

Further announcement(s) will be made by the Company in relation to the effect on the shareholding structure of the Company assuming that, immediately after the allotment and issue of the Rights Shares and the issuance of the Conversion Shares upon full conversion of the Convertible Bonds at the initial Conversion Price, new Shares are issued pursuant to full exercise of all outstanding Share Options and full conversion of all outstanding 2017 Bonds and 2019 Bonds.

VIII. EQUITY FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST TWELVE MONTHS

The Company has not carried out any equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

Completion of the Proposed Fund Raising Plans is conditional upon satisfaction of certain conditions precedent under each of the relevant transaction documents and therefore may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company and if they are in any doubt about their position, they should consult their professional advisers.

IX. DEFINITIONS

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

“2017 Bonds”	the HK\$1,393,700,000 6.00% convertible bonds originally due 2016 and extended to 2017 issued by the Company, of which HK\$100,906,642.86 in aggregate principal amount remains outstanding as at the date of this announcement;
“2019 Bonds”	the HK\$1,900,000,000 4.50% convertible bonds due 2019 issued by the Company, of which HK\$551,402,486.50 in aggregate principal amount remains outstanding as at the date of this announcement;
“Affiliate”	of any specified Person means any other Person, directly or indirectly, Controlling or Controlled by or under direct or indirect common Control with such specified Person;
“Alternative Stock Exchange”	at any time, in the case of the Shares, if they are not at that time listed and traded on the Stock Exchange, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in;

“Announcements”	the announcements of the Company dated 31 August 2017 and 29 September 2017;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of directors of the Company;
“Bond Purchase Announcements”	the announcements of the Company dated 11 May 2017, 1 June 2017, 8 June 2017, 2 July 2017, 14 July 2017, 26 July 2017, 31 August 2017 and 29 September 2017;
“Bondholder(s)”	holder(s) of the Convertible Bonds from time to time;
“Bonds”	collectively, the 2017 Bonds and the 2019 Bonds;
“Bond Terms”	the terms and conditions of each of the Bonds, as supplemented and amended from time to time;
“Business Day”	any day on which banks are generally open for business in Hong Kong (excluding Saturday and Sunday);
“CB Subscription”	the subscription of the Convertible Bonds by Keen Start pursuant to the CB Subscription Agreement;
“CB Subscription Agreement”	the conditional subscription agreement dated 17 November 2017 entered into by the Company and Keen Start in relation to the CB Subscription;
“CB Subscription Completion Date”	10 March 2018 or such other date as the Issuer and Keen Start may agree in writing;
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC;

“Change of Control”	occurs when: (a) any Person or Persons, other than VC, or any of his Affiliates, executors, administrators or successors, acquires Control of the Company; or (b) the Company consolidates with or merges into or sells or transfers all or substantially all of the Company’s assets to any other person, unless the consolidation, merger, sale or transfer will not result in the other person or persons acquiring Control over the Company or the successor entity;
“China Rich”	China Rich Securities Limited, a registered institution under the SFO, registered to conduct Type 1 (dealing in securities) regulated activities;
“Company” or “Issuer”	REXLot Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the ordinary shares of which are listed on the Main Board of the Stock Exchange;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Control”	the acquisition or control of more than 50 per cent. of the voting rights of the issued share capital of the Company or the right to appoint and/or remove all or the majority of the members of the Board or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise;
“Conversion Date”	the conversion date in respect of the Convertible Bonds;
“Conversion Price”	the initial conversion price of the Convertible Bonds of HK\$0.067 per Conversion Share, subject to adjustments in the manner provided in the bond instrument;

“Conversion Rights”	the rights of a Bondholder to convert any Convertible Bond into Shares;
“Conversion Share(s)”	any Share(s) to be issued by the Company upon the exercise of the conversion attaching to the Convertible Bonds at the Conversion Price;
“Convertible Bond(s)”	convertible bond(s) in a principal amount of HK\$167,500,000 to be issued by the Company pursuant to the CB Subscription Agreement;
“Director(s)”	director(s) of the Company;
“Disposal”	the disposal of the entire issued share capital of Multi Glory Limited and the assignment of loan by a wholly-owned subsidiary of the Company, details of which are set out in the announcements of the Company dated 5 January 2016, 23 February 2016, 29 March 2016, 29 April 2016, 19 May 2016, 27 July 2016, 2 August 2016, 9 January 2017, 27 January 2017 and 14 February 2017 and the circulars of the Company dated 29 February 2016 and 30 September 2016;
“EAF(s)”	the form(s) of application for excess Rights Shares to be sent to the Qualifying Shareholders;
“Enlighten Securities”	Enlighten Securities Limited, a registered institution under the SFO, registered to conduct Type 1 (dealing in securities) regulated activities;
“Group”	the Company and its Subsidiaries;
“HKSCC”	Hong Kong Securities Clearing Company Limited;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Increase in Authorized Share Capital”	the proposed increase in the authorized share capital of the Company from HK\$200,000,000 divided into 20,000,000,000 Shares to HK\$500,000,000 divided into 50,000,000,000 Shares by the creation of an additional 30,000,000,000 Shares;
“Independent Board Committee”	an independent committee of the Board appointed to advise the Independent Shareholders in respect of the CB Subscription Agreement and the transactions contemplated thereunder;
“Independent Shareholders”	Shareholders other than VC and his associates;
“Independent Third Party(ies)”	third party(ies) independent of the Company and any connected person(s) of the Company and not a connected person of the Company;
“Independent Underwriter(s)”	China Rich and Enlighten Securities;
“Irrevocable Undertaking”	the irrevocable undertaking dated 17 November 2017 made by VC, Keen Start and Kingly Profits to the Company and the Underwriters, details of which are set out in the section headed “Irrevocable Undertaking to Subscribe for Rights Shares” in this announcement;
“IU Shares”	1,494,941,855 Shares, being the aggregate number of Shares beneficially owned by the IU Shareholders as at the date of the Irrevocable Undertaking;
“IU Shareholders”	collectively, Keen Start and Kingly Profits;

“Keen Start”	Keen Start Limited, a company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which is indirectly held by VC as at the date of this announcement;
“Kingly Profits”	Kingly Profits Corporation, a company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which is indirectly held by VC as at the date of this announcement;
“Last Trading Day”	17 November 2017, being the last full trading day immediately before the time at which the Underwriting Agreement and the CB Subscription Agreement is signed;
“Latest Acceptance Date”	9 January 2018, being the last day for acceptance and payment of the Rights Shares, or such other date as the Company may determine and notified to the Underwriters in writing;
“Latest Lodging Date”	4:30 p.m. on 12 December 2017, the latest time for lodging transfer documents of the Shares (together with the relevant shares certificate(s)) in order to qualify for the Rights Issue;
“latest time for acceptance”	4:00 p.m. on the Latest Acceptance Date;
“Latest Time for Termination”	4:00 p.m. on the Latest Acceptance Date;
“Listing Committee”	the Listing Committee of the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Material Adverse Effect”	a material adverse effect on the financial conditions of the Group as a whole;

“Non-Qualifying Shareholder(s)”	the Overseas Shareholder(s) to whom the Directors, after making relevant enquiries, consider it necessary or expedient not to offer the Rights Shares on account of either the legal restrictions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in that jurisdiction;
“Non-VC Bonds”	the Bonds (other than the 2019 Bonds held by VC and/or his associates in an aggregate outstanding principal amount of HK\$565,245,578.86 as of the date of this announcement);
“offshore”	outside of the PRC;
“onshore”	inside of the PRC;
“Original Subscription Agreement”	the conditional subscription agreement dated 7 April 2017 entered into by the Company and Keen Start, particulars of which were disclosed in the Company’s announcement dated 7 April 2017;
“Overseas Shareholder(s)”	the Shareholder(s) whose name(s) appear(s) on the register of members of the Company as at 5:00 p.m. on the Rights Issue Record Date and whose address(es) as shown on such register is/are outside Hong Kong;
“PAL(s)”	the renounceable provisional allotment letter(s) to be issued to the Qualifying Shareholders in respect of their assured entitlements under the Rights Issue;
“Person(s)”	include any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the (i) Board or any other governing board or (ii) the Company’s wholly-owned direct or indirect Subsidiaries;

“Posting Date”	20 December 2017 or such later date as the Company may determine and notified to the Underwriters in writing, provided that such date shall not fall on a date after the expiration of four months from the date of the Underwriting Agreement unless the Company and the Underwriters otherwise agree in writing;
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
“Professional Adviser”	an investment bank of international repute or any auditor, accountant or financial adviser or other professional adviser determined by the Board as it deems fit, acting as an expert, selected by the Issuer;
“Proposed Fund Raising Plans”	the Rights Issue and the CB Subscription;
“Qualifying Shareholder(s)”	the Shareholder(s) whose names appear on the register of members of the Company as at 5:00 p.m. on the Rights Issue Record Date, other than the Non-Qualifying Shareholders;
“Registrar”	Tricor Standard Limited, the branch share registrar and transfer office of the Company in Hong Kong;
“Relevant Indebtedness”	any indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate, depositary receipt, bill of exchange or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market), whether or not initially distributed by way of private placement and for the avoidance of doubt shall not include indebtedness under any bi-lateral loan, non-transferable loan or loan facility or transferable loan or loan facility;

“Rights Issue”	the issue of no more than 5,428,809,650 Rights Shares and no less than 5,014,247,669 Rights Shares at the Rights Share Subscription Price on the basis of 1 Rights Share for every 2 existing Shares held on the Rights Issue Record Date payable in full on acceptance;
“Rights Issue Documents”	the Rights Issue Prospectus, the PAL(s) and the EAF(s)
“Rights Issue Record Date”	19 December 2017, being the record date to determine entitlements to the Rights Issue, or such later date as the Company may determine and notified to the Underwriters in writing;
“Rights Issue Prospectus”	the prospectus to be issued by the Company in relation to the Rights Issue;
“Rights Share(s)”	the new Share(s) to be allotted and issued in respect of the Rights Issue;
“Rights Share Subscription Price”	a subscription price of HK\$0.051 per Rights Share;
“RMB”	Renminbi, also known as Chinese Yuan, the lawful currency of the PRC;
“Security Interest”	any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction;
“Settlement Date”	the date falling on the third Business Day after the Latest Acceptance Date, or such later date as the Underwriters may agree with the Company in writing;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);

“SGM”	a special general meeting of the Company to be convened to approve (1) the CB Subscription Agreement and the transactions contemplated thereunder; and (2) the Increase in Authorized Share Capital;
“Share(s)”	the ordinary share(s) of par value of HK\$0.01 each in the issued share capital of the Company;
“Share Option(s)”	a right to subscribe for Shares pursuant to the Share Option Scheme or any share option granted thereunder;
“Share Option Scheme”	the share option scheme of the Company adopted on 28 June 2012;
“Shareholder(s)”	the holder(s) of the Share(s);
“Shareholder’s Loan”	the amount due by the Company to VC and/or his associates in the form of shareholder loans;
“Specific Mandate”	the specific mandate to issue the Convertible Bonds;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules;
“taken up/take up”	those Rights Shares and/or the Underwritten Shares in respect of which the relevant PALs and/or EAFs have been lodged accompanied by cheques or other remittances for the full amount payable in respect thereof;
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers administered by the SFC;
“Trading Day”	a day when the Stock Exchange or, as the case may be an Alternative Stock Exchange is open for dealing business;

“Underwriters”	Keen Start, China Rich and Enlighten Securities and each, an “Underwriter”;
“Underwriting Agreement”	the underwriting agreement dated 17 November 2017 entered into between the Company and the Underwriters in relation to the Rights Issue;
“Underwritten Shares”	all the Rights Shares to be issued by the Company pursuant to the Rights Issue, other than those taken up by the IU Shareholders, underwritten by the Underwriters pursuant to the terms of the Underwriting Agreement;
“United States” or “US”	the United States of America (including its territories and dependencies, any state in the US and the District of Columbia);
“US Person(s)”	any person(s) or entity(ies) deemed to be a US Person for the purposes of Regulation S under the US Securities Act of 1933, as amended;
“VC”	Mr. Chan How Chung, Victor, a Director and a substantial shareholder (within the meaning of the Listing Rules) of the Company; and
“%”	per cent.

By Order of the Board
Ng Yuen Yee
Company Secretary

Hong Kong, 19 November 2017

As at the date of this announcement, the Board comprises two executive directors namely Mr. Chan How Chung, Victor and Mr. Boo Chun Lon and three independent non-executive directors namely Mr. Yuen Wai Ho, Mr. Chow Siu Ngor and Mr. Lee Ka Lun.