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偉俊集團控股有限公司*

Wai Chun Group Holdings Limited

(Incorporated in Bermuda with limited liability)

(Stock code: 1013)

**CONNECTED TRANSACTIONS:
PROPOSED ALTERATION TO THE TERMS OF
THE EXISTING CONVERTIBLE BONDS**

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



INCUB Corporate Finance Limited

PROPOSED ALTERATION TO THE TERMS OF THE EXISTING CONVERTIBLE BONDS

Reference are made to the announcements of the Company dated 29 August 2023 and 21 October 2021; and the circulars of the Company dated 20 October 2023 and 9 December 2021 in relation to, among other things, (i) the alteration to the terms of the Existing First Convertible Bonds in the aggregate principal amount of HK\$152,000,000 and the Existing Second Convertible Bonds in the aggregate principal amount of HK\$23,480,000; and (ii) the issue of the Existing Third Convertible Bonds in aggregate principal amount of HK\$42,700,000.

* for identification purpose only

On 6 November 2024 (after trading hours), the Company and the Existing Bondholders have entered into the Alteration Consent Letters and conditionally agreed to amend the terms of the Existing Convertible Bonds as follows:

- (i) the interest rate of the Existing First Convertible Bonds and the Existing Second Convertible Bonds be reduced from 1% to 0% per annum and the interest rate of the Existing Third Convertible Bonds be reduced from 2% to 0% per annum;
- (ii) the Conversion Price be changed from HK\$0.384 per Conversion Shares to HK\$0.1 per Conversion Shares;
- (iii) the maturity date of the Existing First Convertible Bonds and the Existing Second Convertible Bonds be extended from 31 August 2025 to 31 December 2027 and the maturity date of the Existing Third Convertible Bonds be extended from 17 January 2025 to 31 December 2027; and
- (iv) the Existing Third Convertible Bonds be redeemed at 98% of principal amount at maturity.

Apart from the Alteration of Terms above, all other terms and conditions of the Existing Convertible Bonds shall remain unchanged and in full force and effect.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Existing Bondholder B is a controlling Shareholder interested in an aggregate of 194,292,325 Shares, representing in aggregate approximately 72.66% of the total number of issued Shares. The Existing Bondholder B is indirectly wholly-owned by the Existing Bondholder A, who is interested in 4,810,125 Shares personally, representing in aggregate approximately 1.80% of the total number of issued Shares. Therefore, the Existing Bondholder A and its associates including the Existing Bondholder B are connected persons of the Company, and the Alteration of Terms constitutes connected transactions of the Company and are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 28.05 of the Listing Rules, any alteration in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alteration takes effect automatically under the existing terms of such convertible debt securities. Accordingly, the Company will apply to the Stock Exchange for approval of the Alteration of Terms.

An application will be made to the Stock Exchange for its approval of: (i) the Alteration of Terms; and (ii) the listing of, and permission to deal in, the Conversion Shares arising from the conversion of the outstanding Existing Convertible Bonds.

GENERAL

The Independent Board Committee has been established, comprising all the independent non-executive Directors, to advise the Independent Shareholders as to the fairness and reasonableness of the Alteration of Terms and the transactions contemplated thereunder (including the grant of the Specific Mandate). The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A SGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Alteration of Terms and the transactions contemplated thereunder (including the grant of the Specific Mandate).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Existing Bondholder A and its associates (including the Existing Bondholder B) are required to abstain from voting on the resolutions in respect of the Alteration of Terms and the transactions contemplated thereunder (including the grant of the Specific Mandate) at the SGM. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for the Existing Bondholder A and its associates (including the Existing Bondholder B), no other Shareholder had a material interest in the Alteration of Terms and the transactions contemplated thereunder (including the grant of the Specific Mandate), and is required to abstain from voting on the resolutions to be proposed at the SGM.

A circular containing, inter alia, (i) further information of the Alteration of Terms and the transactions contemplated thereunder (including the grant of the Specific Mandate); (ii) the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) notice of the SGM; and (v) other information as required under the Listing Rules, is expected to be dispatched to the Shareholders on or before 29 November 2024.

If any of the conditions precedent to the Alteration of Terms are not satisfied, the Alteration of Terms will not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares or any other securities of the Company.

PROPOSED ALTERATIONS TO THE TERMS OF THE EXISTING CONVERTIBLE BONDS

Reference are made to the announcements of the Company dated 29 August 2023 and 21 October 2021; and the circulars of the Company dated 20 October 2023 and 9 December 2021 in relation to, among other things, (i) the alteration to the terms of the Existing First Convertible Bonds in the aggregate principal amount of HK\$152,000,000 and the Existing Second Convertible Bonds in the aggregate principal amount of HK\$23,480,000; and (ii) the issue of the Existing Third Convertible Bonds in aggregate principal amount of HK\$42,700,000.

As at the date of this announcement, none of the conversion rights attached to the Existing Convertible Bonds has been exercised by the Existing Bondholders and no Conversion Shares were issued by the Company to the Existing Bondholders. According to the existing terms of the Existing Convertible Bonds, a bondholder shall have the right to convert the Existing Convertible Bonds into Conversion Shares provided that the public float of the Shares shall not be less than 25% (or any given percentage as required by the Listing Rules) of the issued Shares at any one time in compliance with Listing Rules.

On 6 November 2024 (after trading hours), the Company and the Existing Bondholders have entered into the Alteration Consent Letters and conditionally agreed to amend the terms of the Existing Convertible Bonds as follows:

- (v) the interest rate of the Existing First Convertible Bonds and the Existing Second Convertible Bonds be reduced from 1% to 0% per annum and the interest rate of the Existing Third Convertible Bonds be reduced from 2% to 0% per annum;
- (vi) the Conversion Price be changed from HK\$0.384 per Conversion Shares to HK\$0.1 per Conversion Shares;
- (vii) the maturity date of the Existing First Convertible Bonds and the Existing Second Convertible Bonds be extended from 31 August 2025 to 31 December 2027 and the maturity date of the Existing Third Convertible Bonds be extended from 17 January 2025 to 31 December 2027;
- (viii) Existing Third Convertible Bonds be redeemed at 98% of principal amount at maturity.

Apart from the Alteration of Terms above, all other terms and conditions of the Existing Convertible Bonds shall remain unchanged and in full force and effect.

To the best information, knowledge and belief of the Directors, the Existing Bondholder A and its associates, including the Existing Bondholder B, are connected persons of the Company.

The Alteration of Terms is conditional upon the following conditions:

- (a) the Stock Exchange granting its approval for the Alteration of Terms;
- (b) the passing by the Independent Shareholders of relevant resolutions at the SGM approving the Alteration of Terms and the transactions contemplated thereunder (including the grant of the Specific Mandate); and
- (c) the Listing Committee of the Stock Exchange having granted the listing of, and permission to deal in, the Conversion Shares to be issued upon exercise of the Conversion Rights.

None of the above conditions can be waived. If any of the conditions above are not fulfilled by the Long Stop Date, the parties to the Alteration Consent Letters will not proceed with the Alteration of Terms.

CONVERSION PRICE

The Conversion Price was determined after arm's length negotiations between the Company and the Bondholders with reference to the prevailing market price of the Shares represents:

- (i) a discount of approximately 27.54% to the closing price of HK\$0.138 per Share as quoted on the Stock Exchange on 6 November 2024, being the date of the Alteration Consent Letters; and
- (ii) a discount of approximately 26.47% over the average closing price of HK\$0.136 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Alteration Consent Letters.

Assuming all the outstanding Existing Convertible Bonds are fully converted at the Conversion Price, a maximum of 2,181,800,000 Conversion Shares will be allotted and issued upon exercise of the Conversion Rights in full, which represents:

- (iii) approximately 816.96% of the issued share capital of the Company as at the date of this announcement; and
- (iv) approximately 89.08% of the issued share capital of the Company as to be enlarged by the issue of the 2,181,800,000 Conversion Shares (assuming there being no other issue or repurchase of Shares).

According to the existing terms of the Existing Convertible Bonds, a bondholder shall have the right to convert the Existing Convertible Bonds into Shares provided that the public float of the Shares shall not be less than 25% (or any given percentage as required by the Listing Rules) of the issued Shares at any one time in compliance with Listing Rules. According to the existing terms of the Existing Convertible Bonds, any conversion shall also be subject to no mandatory general offer being triggered under Rule 26 of the Takeovers Code on the bondholder and not resulting in the Existing Bondholder A and any parties acting in concert with him (including the Existing Bondholder B) ceasing to be the controlling shareholder of the Company within the meaning of the Listing Rules.

The Conversion Shares will be issued under the specific mandate granted at the special general meetings of the Company held on 28 December 2021 and 13 November 2023.

REASONS FOR AND BENEFITS OF THE ALTERATION OF TERMS

According to the existing terms of the Existing Convertible Bonds, the Existing First Convertible Bonds in the aggregate principal amount of HK\$152,000,000 and the Existing Second Convertible Bonds in the aggregate principal amount of HK\$23,480,000 will mature on 31 August 2025 and the Existing Third Convertible Bonds in the aggregate principal amount of HK\$42,700,000 will mature on 17 January 2025. With the extension of the maturity dates of the Existing Convertible Bonds, the financial pressure on the Company for redemption of the Existing Convertible Bonds at the maturity dates would be lessened and the reduction of Interest Rates would also alleviate the interest burden of the Company.

Since the existing conversion price of the Existing Convertible Bonds is much higher than the prevailing market price of the Shares, the amended Conversion Price will serve as an incentive for the Existing Bondholders to exercise the Conversion Rights to convert the Existing Convertible Bonds into the Shares, thereby alleviating the financial pressure on the Company to repay the Existing Convertible Bonds on maturity and could facilitate the Company in obtaining alternative source of finance to improve the financial position of Company.

The Board considers that the Alteration of Terms is fair and reasonable based on the current market conditions and are on normal commercial terms and the Alteration of Terms is in the interests of the Company and the Shareholders as a whole. No proceeds will be received by the Company as a result of the Alteration of Terms.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement and (ii) immediately after the full conversion of all the outstanding Existing Convertible Bonds at the Conversion Price (assuming there being no other issue or repurchase of Shares) is as follows:

Name of Shareholders	(i) as at the date of this announcement		(ii) immediately after full exercise of the Existing Convertible Bonds	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Existing Bondholder B (Note 1)	194,292,325	72.66	621,292,325	25.37
Existing Bondholder A (Note 2)	<u>4,810,125</u>	<u>1.80</u>	<u>1,759,610,125</u>	<u>71.84</u>
	199,102,450	74.46	2,380,902,450	97.21
Other public Shareholders (Note 4)	<u>68,287,081</u>	<u>25.54</u>	<u>68,287,081</u>	<u>2.79</u>
Total	<u><u>267,389,531</u></u>	<u><u>100.00</u></u>	<u><u>2,449,189,531</u></u>	<u><u>100.00</u></u>

Notes:

- (1) The Existing Bondholder B, Ka Chun, is a company owned as to 100% by Wai Chun Investment Fund, which is wholly-owned by the Existing Bondholder A, Mr. Lam Ching Kui, and holds 194,292,325 Shares.
- (2) The Existing Bondholder A is the ultimate controlling shareholder of the Company and directly holds 4,810,125 Shares.
- (3) Certain percentage figures included in the above tables have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.
- (4) Pursuant to the terms and conditions of the Existing Convertible Bonds, the bondholders shall not exercise the Conversion Rights if, as a result of such exercise, it will cause the public float of the Company to fall below the percentage prescribed under the Listing Rules.

EQUITY FUND-RAISING EXERCISES OF THE COMPANY IN THE PAST TWELVE MONTHS

In the past twelve months immediately preceding the date of this announcement, the Company did not conduct any equity fund-raising activities.

INFORMATION ABOUT THE GROUP

The Group is principally engaged in (i) sales and services provision of integration services of computer and communication systems, and design, consultation and production of information system software and management training services and (ii) general trading of chemicals and agricultural products.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Existing Bondholder B is a controlling Shareholder interested in an aggregate of 194,292,325 Shares, representing in aggregate approximately 72.66% of the total number of issued Shares. The Existing Bondholder B is indirectly wholly-owned by the Existing Bondholder A, who is interested in 4,810,125 Shares personally, representing in aggregate approximately 1.80% of the total number of issued Shares. Therefore, the Existing Bondholder A and its associates including the Existing Bondholder B are connected persons of the Company, and the Alteration of Terms constitutes connected transactions of the Company and are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 28.05 of the Listing Rules, any alteration in the terms of convertible debt securities after issue must be approved by the Stock Exchange, except where the alteration takes effect automatically under the existing terms of such convertible debt securities. Accordingly, the Company will apply to the Stock Exchange for approval of the Alteration of Terms.

An application will be made to the Stock Exchange for its approval of: (i) the Alteration of Terms; and (ii) the listing of, and permission to deal in, the Conversion Shares arising from the conversion of the outstanding Existing Convertible Bonds.

GENERAL

The Independent Board Committee has been established, comprising all the independent non-executive Directors, to advise the Independent Shareholders as to the fairness and reasonableness of the Alteration of Terms and the transactions contemplated thereunder (including the grant of the Specific Mandate). The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

A SGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Alteration of Terms and the transactions contemplated thereunder (including the grant of the Specific Mandate).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Existing Bondholder A and its associates (including the Existing Bondholder B) are required to abstain from voting on the resolutions in respect of the Alteration of Terms and the transactions contemplated thereunder (including the grant of the Specific Mandate) at the SGM. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for the Existing Bondholder A and its associates (including the Existing Bondholder B), no other Shareholder had a material interest in the Alteration of Terms and the transactions contemplated thereunder (including the grant of the Specific Mandate), and is required to abstain from voting on the resolutions to be proposed at the SGM.

Save that Mr. Lam Ka Chun is deemed to be interested in the Alteration of Terms and the transactions contemplated thereunder (including the grant of the Specific Mandate), who had abstained from voting, none of the Directors had a material interest in the Alteration of Terms and was required to abstain from voting on the resolutions passed by the Board to approve the Alteration of Terms and the transactions contemplated thereunder (including the grant of the Specific Mandate).

A circular containing, inter alia, (i) further information of the Alteration of Terms and the transactions contemplated thereunder (including the grant of the Specific Mandate); (ii) the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iv) notice of the SGM; and (v) other information as required under the Listing Rules, is expected to be dispatched to the Shareholders on or before 29 November 2024.

If any of the conditions precedent to the Alteration of Terms are not satisfied, the Alteration of Terms will not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares or any other securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings set opposite to them below:

“Alteration Consent Letters”	the letters entered into between the Existing Bondholders and the Company dated 6 November 2024 in relation to the Alteration of Terms
“Alteration of Terms”	the proposed alteration to the terms of the Existing Convertible Bonds set out in the paragraph headed “Proposed Alterations To The Terms Of The Existing Convertible Bonds” in this announcement
“associate”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Company”	Wai Chun Group Holdings Limited, a company incorporated in Bermuda, whose issued Shares are listed on the main board of the Stock Exchange (stock code: 1013)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Conversion Price”	the amended conversion price of HK\$0.1 per Conversion Share, subject to adjustment under the terms and conditions of the Existing Convertible Bonds
“Conversion Rights”	the rights attached to the Existing Convertible Bonds to convert the Existing Convertible Bonds to Conversion Shares at the Conversion Price
“Conversion Share(s)”	new Shares to be issued by the Company upon the exercise of the Conversion Rights
“Director(s)”	the director(s) of the Company
“Existing Bondholder A”	Mr. Lam Ching Kui, being holder of the Existing First Convertible Bonds and the Existing Second Convertible Bonds

“Existing Bondholder B”	Ka Chun, being holder of the Existing Third Convertible Bonds
“Existing Bondholders”	Existing Bondholder A and Existing Bondholder B collectively
“Existing Convertible Bonds”	Existing First Convertible Bonds, Existing Second Convertible Bonds and Existing Third Convertible Bonds collectively
“Existing First Convertible Bonds”	the 1% coupon convertible bonds with principal amount of HK\$152,000,000 issued by the Company on 31 August 2020
“Existing Second Convertible Bonds”	the 1% coupon convertible bonds with principal amount of HK\$23,480,000 issued by the Company on 30 November 2020
“Existing Third Convertible Bonds”	the 2% coupon convertible bonds with principal amount of HK\$42,700,000 issued by the Company on 18 January 2022
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent board committee comprising the independent non-executive Directors to advise the Independent Shareholders as to the fairness and reasonableness of the Alteration of Terms and the transactions contemplated thereunder (including the grant of the Specific Mandate)
“Independent Financial Adviser”	INCU Corporate Finance Limited, a corporation licensed to carry out business in Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Alteration of Terms and the transactions contemplated thereunder (including the grant of the Specific Mandate)
“Independent Shareholder(s)”	Shareholders other than the Existing Bondholders and their respective associates.
“Interest Rates”	the interest rates of the Existing Convertible Bonds

“Ka Chun”	Ka Chun Holdings Limited, a company incorporated in the British Virgin Islands and wholly-owned by Mr. Lam Ching Kui, being the controlling shareholder of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	17 January 2025 or such other date as may be agreed by the Company and the Existing Bondholders
“SGM”	the special general meeting of the Company to be convened and held to consider and, if thought fit, approve the Alteration of Terms and the transactions contemplated thereunder
“Share(s)”	the ordinary share(s) of par value of HK\$0.8 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Specific Mandate”	the mandate to allot and issue the Conversion Shares upon the exercise of the Conversion Rights to be sought at the SGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“%”	per cent.

By order of the board of
Wai Chun Group Holdings Limited
Lam Ka Chun
Chairman, Chief Executive Officer and
Executive Director

Hong Kong, 6 November 2024

As at the date of this announcement, the Board comprises one executive Director, namely Mr. Lam Ka Chun (Chairman and Chief Executive Officer), and three independent non-executive Directors, namely Dr. Wang Wei, Mr. Wan Bo and Ms. Kung Ying Tung.