

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of the Company.



Endurance RP Limited

壽康集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 575)

(I) PROPOSED RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) EXISTING SHARE HELD ON THE RECORD DATE;

(II) CONNECTED TRANSACTIONS IN RELATION TO THE UNDERWRITING AGREEMENT AND SET OFF OF SHAREHOLDER'S LOANS;

(III) APPLICATION FOR WHITEWASH WAIVER;

AND

(IV) POSSIBLE ADJUSTMENTS TO THE SHARE OPTIONS UNDER THE SHARE OPTION SCHEME

Financial Adviser



Grande Capital Limited

Independent Financial Adviser



Maxa Capital Limited

Placing Agent of the Rights Issue



Eddid Securities and Futures Limited

PROPOSED RIGHTS ISSUE

The Company proposes to implement the Rights Issue, on the basis of one (1) Rights Share for every one (1) Existing Share held by the Qualifying Shareholders on the Record Date at the Subscription Price of HK\$0.0785 per Rights Share to raise gross proceeds of up to (i) approximately HK\$188.43 million (or approximately US\$24.00 million) before the Set Off and expenses by issuing 2,400,347,881 Rights Shares (assuming no change in the issued share capital of the Company on or before the Record Date); or (ii) approximately HK\$193.80 million (or approximately US\$24.69 million) before the Set Off and expenses by issuing 2,468,728,881 Rights Shares (assuming new Shares are allotted and issued on or before the Record Date pursuant to the full exercise of all Share Options but otherwise no other change in the issued share capital of the Company on or before the Record Date). The Rights Issue will only be available to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders. Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders, to be sold in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained.

The estimated net proceeds from the Rights Issue before the Set Off and after deducting all necessary expenses of approximately HK\$6.28 million (or approximately US\$0.80 million) will be approximately HK\$182.15 million (or approximately US\$23.20 million) by issuing 2,400,347,881 Rights Shares (assuming (i) full acceptance by the Qualifying Shareholders under the Rights Issue; and (ii) no change in the issued share capital of the Company on or before the Record Date), or approximately HK\$187.52 million (or approximately US\$23.89 million) by issuing 2,468,728,881 Rights Shares (assuming new Shares are allotted and issued on or before the Record Date pursuant to the full exercise of all Share Options but otherwise no other change in the issued share capital of the Company on or before the Record Date). The Group intends to apply the net proceeds for the repayment of the Group's indebtedness and interest expenses, implementation of business development plan and as general working capital of the Group (for further information, please refer to the section entitled "Reasons for and Benefits of the Rights Issue, the Set Off, the Underwriting Agreement and Intended Use of Proceeds").

THE COMPENSATORY ARRANGEMENTS AND THE PLACING AGREEMENT

The Company will make arrangements to dispose of the Unsubscribed Rights Shares, comprising the Rights Shares that are not subscribed by the Qualifying Shareholders and the NQS Rights Shares, by offering the Unsubscribed Rights Shares to independent placees who are not Shareholders by way of placing by the Placing Agent for the benefit of the relevant No Action Shareholders. After the trading hours of the Stock Exchange on 26 September 2022, the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has agreed to procure Placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares. The placing price of the Unsubscribed Rights Shares shall be not less than the Subscription Price. The final price will be determined based on the demand for and market conditions of the Unsubscribed Rights Shares at the time of placement.

THE UNDERWRITING AGREEMENT

After the trading hours of the Stock Exchange on 26 September 2022, the Company entered into the Underwriting Agreement with Galloway as the Underwriter in respect of the Rights Issue, pursuant to which Galloway has conditionally agreed to subscribe for up to 1,569,711,046 Rights Shares, being all the Underwritten Rights Shares, pursuant to the terms and subject to the conditions set out in the Underwriting Agreement.

Subject to the terms and conditions set out in the Underwriting Agreement, if and to the extent that at the Latest Placing Time, there shall be any Unsubscribed Rights Shares which have not been successfully placed out by the Placing Agent under the Compensatory Arrangements, then the Underwriter shall subscribe or procure subscription for a maximum of 1,569,711,046 Rights Shares pursuant to the allocations under the terms set out in the Underwriting Agreement and on the terms as set out in the Prospectus Documents. The maximum underwriting commitment of the Underwriter shall be 1,569,711,046 Rights Shares.

THE SET OFF OF SHAREHOLDER'S LOANS

The Shareholder's Loans owed by the Company to Galloway (as creditor), which is also the Underwriter, was in the principal of approximately US\$13.40 million (or approximately HK\$105.19 million) and accrued interests of approximately US\$1.25 million (or approximately HK\$9.81 million) and in aggregate (including accrued interests) amounting to approximately US\$14.65 million (or approximately HK\$115.00 million) as at the date of this announcement.

Pursuant to the Set Off under the Underwriting Agreement, the Underwriter, Mr Mellon, Indigo and the Company agreed that the total amount of subscription monies payable by the Underwriter, Mr Mellon and Indigo for the Rights Shares to which they are entitled to and/or are required to subscribe for (if any) under the Rights Issue and the Underwriting Agreement, respectively, would be set off on a dollar-to-dollar basis against the equivalent amount of the Shareholder's Loans and accrued interest thereon on the completion date of the Rights Issue. The Set Off and the Underwriting Agreement constitute connected transactions on the part of the Company under Chapter 14A of the Listing Rules and requires the approval of the Independent Shareholders.

Although the Rights Issue is partially underwritten, the exact amount of the Shareholder's Loans to be set off depends on the number of Rights Shares to be taken up by the Qualifying Shareholders and the total number of Unsubscribed Rights Shares to be successfully placed by the Placing Agent to the independent places pursuant to the Compensatory Arrangements.

Assuming there is no change in the issued share capital of the Company on or before the Record Date, (i) the minimum amount of the Shareholder's Loans subject to the Set Off will be approximately US\$5.07 million (or approximately HK\$39.80 million) (assuming (a) all Qualifying Shareholders take up all their entitlements under the Rights Issue and (b) no change in the issued share capital of the Company on or before the Record Date); and (ii) the maximum amount of the Shareholder's Loans (together with accrued interest thereon) subject to the Set Off will be the full amounts of the Shareholder's Loans and accrued interest thereon on the completion date of the Rights Issue owed by the Company to the Underwriter (assuming (a) no Qualifying Shareholders take up any of his/her/its entitlements under the Rights Issue; and (b) no Independent Third Parties take up the Unsubscribed Rights Shares such that all the Unsubscribed Rights Shares are taken up by the Underwriter).

Completion of the Set Off, which is subject to the same conditions as the Rights Issue, shall take place simultaneously with the issue of the Rights Shares by the Company pursuant to the terms of the Rights Issue.

THE IRREVOCABLE UNDERTAKINGS

As at date of this announcement, Mr Mellon is directly and indirectly through Galloway and Indigo interested in an aggregate of 506,680,329 Shares, representing approximately 21.11% of the entire issued share capital of the Company. Pursuant to the Irrevocable Undertakings given by Mr Mellon under the Underwriting Agreement, Mr Mellon irrevocably undertook with the Company that (i) he will, and will procure Galloway and Indigo to, subscribe for 506,680,329 Rights Shares which comprise the full acceptance of their provisional entitlement in respect of the 506,680,329 Shares beneficially held by him, Galloway and Indigo; (ii) he will not, and will procure Galloway and Indigo not to, dispose of any of the 506,680,329 Shares comprising the current shareholding in the Company owned by them, and such Shares will remain beneficially owned by them up to and including the Record Date; and (iii) he will not exercise the 1,837,000 Share Options held by him up to and including the Record Date.

Save for the Irrevocable Undertakings, as at the date of this announcement, the Board has not received any information from any other Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them.

LISTING RULES IMPLICATIONS

1) Rights Issue

In accordance with Rule 7.19A(1) and Rule 7.27A(1) of the Listing Rules, as the Rights Issue, if proceeded with, will increase the issued share capital of the Company by more than 50% within a 12-month period immediately preceding the date of this announcement, the Rights Issue will be subject to the approval by the Independent Shareholders (comprising both the Qualifying Shareholders and the Non-Qualifying Shareholders) at the EGM by way of poll at which the controlling shareholders and their associates or, where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) relating to the Rights Issue at the EGM.

2) Connected Transactions

As Mr Mellon is a substantial shareholder of the Company and both the Underwriter and Indigo are wholly owned by Mr Mellon, therefore Mr Mellon, the Underwriter and Indigo are regarded as connected persons of the Company. Accordingly, the transactions contemplated under the Underwriting Agreement and the Set Off constitute connected transactions for the Company under the Listing Rules which are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

TAKEOVERS CODE IMPLICATIONS AND APPLICATION FOR WHITEWASH WAIVER

Assuming (i) there is no change in the issued share capital of the Company from the date of this announcement up to and including the date of close of the Rights Issue; (ii) no Rights Shares are taken up by the Qualifying Shareholders (other than those pursuant to the Irrevocable Undertakings); and (iii) no Unsubscribed Rights Shares are successfully placed under the Compensatory Arrangements, the aggregate shareholding of the Underwriter and parties acting in concert with it in the Company upon the close of the Rights Issue will increase from the current level of approximately 25.15% to approximately 59.87% of the issued share capital of the Company as enlarged by the issue of the Rights Shares. Accordingly, the Underwriter would be required to make a mandatory general offer under Rule 26 of the Takeovers Code for all the Shares not already owned or agreed to be acquired by it and parties acting in concert with it, unless the Whitewash Waiver is granted.

An application will be made to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Executive may or may not grant the Whitewash Waiver, and if granted, the Whitewash Waiver will be subject to (i) the approval by at least 75% of the independent votes that are casted by the Independent Shareholders at the EGM by way of poll in respect of the Whitewash Waiver; and (ii) the approval by more than 50% of the Independent Shareholders at the EGM by way of poll in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Set Off and the transactions contemplated thereunder.

Therefore, the Rights Issue is conditional on, among other things, the granting of the Whitewash Waiver by the Executive and the approval by the Independent Shareholders at the EGM in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Set Off and the transactions contemplated thereunder, and the Whitewash Waiver. If the Whitewash Waiver is not granted and/or approvals by the Independent Shareholders are not obtained, or if any other conditions precedent under the Underwriting Agreement is not fulfilled, the Rights Issue will not proceed.

THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all independent non-executive Directors, will be established in compliance with Chapter 14A of the Listing Rules and Rule 2.8 of the Takeovers Code to advise the Independent Shareholders as to whether the terms of the Rights Issue, the Set Off, the Underwriting Agreement, the Placing Agreement and the Whitewash Waiver are on normal commercial term, fair and reasonable, in the interests of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser. The only two non-executive Directors, namely Mr Mellon and Jayne Sutcliffe, are not included as members of the Independent Board Committee due to Mr Mellon's direct interests in the Rights Issue, the Underwriting Agreement, the Set Off, the Whitewash Waiver and the transactions contemplated thereunder and the fact that Jayne Sutcliffe is a concert party of Mr Mellon.

The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue, the Set Off, the Underwriting Agreement, the Placing Agreement and the Whitewash Waiver are on normal commercial term, fair and reasonable, in the interests of the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote.

DESPATCH OF CIRCULAR AND PROSPECTUS DOCUMENTS

The Circular containing, among other things, (i) further details of the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Set Off and the Whitewash Waiver; (ii) a letter of recommendations from the Independent Board Committee in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Set Off and the Whitewash Waiver; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in regard to the aforesaid; (iv) other information required under the Listing Rules and the Takeovers Code; and (v) a notice convening the EGM, should be despatched to the Shareholders (including the Non-Qualifying Shareholders) within 15 Business Days from the date of this announcement pursuant to Rule 14A.68(11) of the Listing Rules and 21 days from the date of this announcement pursuant to Rule 8.2 of the Takeovers Code, whichever is earlier.

Subject to, among other things, the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Set Off and the transactions contemplated thereunder and the Whitewash Waiver having been approved by the Independent Shareholders at the EGM, the Prospectus Documents or the Prospectus, whichever is appropriate, will be despatched to the Qualifying Shareholders and, for information only, the Non-Qualifying Shareholders in due course. For the avoidance of doubt, the Non-Qualifying Shareholders are entitled to attend and vote at the EGM.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among other things, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-section headed "Termination of the Underwriting Agreement" under the section headed "The Underwriting Agreement" in this announcement). Accordingly, the Rights Issue may or may not proceed. Any party 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 (and the date on which the Underwriter's 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 Rights Issue is only partially underwritten. Pursuant to the Company's constitutional documents and the Companies Act, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level.

In the event the Rights Issue is undersubscribed, any Rights Shares not taken up by the Qualifying Shareholders or transferees of nil-paid Rights Shares or otherwise subscribed by the Underwriter or other subscribers procured by it pursuant to the Underwriting Agreement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares and the nil-paid Right Shares.

PROPOSED RIGHTS ISSUE

The Company proposes to implement the Rights Issue on the basis of one (1) Rights Share for every one (1) Existing Share held by the Qualifying Shareholders on the Record Date at the Subscription Price of HK\$0.0785 per Rights Share, to raise gross proceeds of up to (i) approximately HK\$188.43 million (or approximately US\$24.00 million) before the Set Off and expenses by issuing 2,400,347,881 Rights Shares (assuming no change in the issued share capital of the Company on or before the Record Date); or (ii) approximately HK\$193.80 million (or approximately US\$24.69 million) before the Set Off and expenses by issuing 2,468,728,881 Rights Shares (assuming new Shares are allotted and issued on or before the Record Date pursuant to the full exercise of all Share Options but otherwise no other change in the issued share capital of the Company on or before the Record Date).

The estimated net proceeds from the Rights Issue before the Set Off and after deducting all necessary expenses of approximately HK\$6.28 million (or approximately US\$0.80 million) will be approximately HK\$182.15 million (or approximately US\$23.20 million) by issuing 2,400,347,881 Rights Shares (assuming (i) full acceptance by the Qualifying Shareholders under the Rights Issue; and (ii) no change in the issued share capital of the Company on or before the Record Date), or approximately HK\$187.52 million (or approximately US\$23.89 million) by issuing 2,468,728,881 Rights Shares (assuming new Shares are allotted and issued on or before the Record Date pursuant to the full exercise of all Share Options but otherwise no other change in the issued share capital of the Company on or before the Record Date). The principal terms of the Rights Issue are set out below:

Rights Issue Statistics

Basis of the Rights Issue:	one (1) Rights Share for every one (1) Existing Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price:	HK\$0.0785 per Rights Share
Net price per Rights Share (i.e. Subscription Price less estimated cost and expenses incurred in the Rights Issue on a per Rights Share basis):	Approximately HK\$0.076 per Rights Share
Aggregate nominal value of the Rights Shares:	Approximately HK\$188.43 million (or approximately US\$24.00 million) (assuming no change in the issued share capital of the Company on or before the Record Date, and all the Qualifying Shareholders taking up their respective allotment of Rights Shares in full) Approximately HK\$193.80 million (or approximately US\$24.69 million) (assuming new Shares are allotted and issued on or before the Record Date pursuant to the full exercise of all Share Options, except Mr Mellon who has provided an undertaking not to exercise his Share Options under the Irrevocable Undertakings, but otherwise no other change in the issued share capital of the Company on or before the Record Date, and all the Qualifying Shareholders taking up their respective allotment of Rights Shares in full)
Number of Shares in issue as at the date of this Announcement:	2,400,347,881 Shares

Number of Rights Shares to be issued pursuant to the Rights Issue:

Up to 2,400,347,881 Rights Shares (assuming no change in the issued share capital of the Company on or before the Record Date, and all the Qualifying Shareholders taking up their respective allotment of Rights Shares in full)

Up to 2,468,728,881 Rights Shares (assuming new Shares are allotted and issued on or before the Record Date pursuant to the full exercise of all Share Options, except Mr Mellon who has provided an undertaking not to exercise his Share Options under the Irrevocable Undertakings, but otherwise no other change in the issued share capital of the Company on or before the Record Date, and all the Qualifying Shareholders taking up their respective allotment of Rights Shares in full)

Number of Rights Shares underwritten:

Up to 1,569,711,046 Rights Shares, being the maximum number of Rights Shares to be underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement

Gross proceeds from the Rights Issue (before the Set Off and expenses):

Up to approximately HK\$188.43 million (or approximately US\$24.00 million) (assuming no change in the issued share capital of the Company on or before the Record Date, and all the Qualifying Shareholders taking up their respective allotment of Rights Shares in full)

Up to approximately HK\$193.80 million (or approximately US\$24.69 million) (assuming new Shares are allotted and issued on or before the Record Date pursuant to the full exercise of all Share Options, except Mr Mellon who has provided an undertaking not to exercise his Share Options under the Irrevocable Undertakings, but otherwise no other change in the issued share capital of the Company on or before the Record Date, and all the Qualifying Shareholders taking up their respective allotment of Rights Shares in full)

Net proceeds from the Rights Issue (before the Set Off and after deducting the estimated expenses of approximately HK\$6.28 million (or approximately US\$0.80 million):

approximately HK\$182.15 million (or approximately US\$23.20 million) (assuming no change in the issued share capital of the Company on or before the Record Date, and all the Qualifying Shareholders taking up their respective allotment of Rights Shares in full)

approximately HK\$187.52 million (or approximately US\$23.89 million) (assuming new Shares are allotted and issued on or before the Record Date pursuant to the full exercise of all Share Options, except Mr Mellon who has provided an undertaking not to exercise his Share Options under the Irrevocable Undertakings, but otherwise no other change in the issued share capital of the Company on or before the Record Date, and all the Qualifying Shareholders taking up their respective allotment of Rights Shares in full)

As at the date of this announcement, the Company has an outstanding aggregate of 70,218,000 Share Options granted to the grantees which comprises: (i) 6,000,000 Share Options with exercisable period up to 30 April 2023 at the exercise price of HK\$0.149 per Share; (ii) 43,718,000 Share Options with exercisable period up to 13 October 2030 at the exercise price of HK\$0.149 per Share; (iii) 18,000,000 Share Options with exercisable period up to 16 December 2030 at the exercise price of HK\$0.183 per Share; and (iv) 2,500,000 Share Options with exercisable period up to 6 June 2031 at the exercise price of HK\$0.185 per Share. Save as disclosed in this announcement, as at the date of this announcement, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into the Shares.

Assuming no change in the issued share capital of the Company on or before the Record Date, the 2,400,347,881 Rights Shares (assuming no change in the issued share capital of the Company on or before the Record Date) proposed to be allotted and issued pursuant to the terms of the Rights Issue represent approximately (i) 100 % of the total number of existing issued Shares and (ii) 50% of the total number of issued Shares as enlarged immediately upon completion of the Rights Issue.

The Rights Issue is only partially underwritten. Pursuant to the Company's constitutional documents and the Companies Act, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level.

In the event the Rights Issue is undersubscribed, any Rights Shares not taken up by the Qualifying Shareholders or transferees of nil-paid Rights Shares or otherwise subscribed by the Underwriter or other subscribers procured by it pursuant to the Underwriting Agreement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares and the nil-paid Right Shares.

The Subscription Price

The Subscription Price of HK\$0.0785 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue, and, where applicable, when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 21.50% to the closing price of HK\$0.100 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 25.24% to the average closing prices of the Shares as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.105 per Share;
- (iii) a discount of approximately 27.98% to the average closing prices of the Shares as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.109 per Share;
- (iv) a discount of approximately 15.59% to the theoretical ex-rights price (assuming no change in the issued share capital of the Company on or before the Record Date) of approximately HK\$0.093 per Share as adjusted for the effect of the Rights Issue, based on the average of the closing prices of the Shares as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 38.19% to the audited consolidated net asset value per Share of the Group of approximately HK\$0.127 per Share, which is calculated by dividing the audited consolidated net asset value attributable to equity holders of the Company of approximately US\$38.77 million (or approximately HK\$304.34 million) as at 31 December 2021 as shown in the Company's annual report by the number of Shares in issue as of the date of this announcement (i.e. 2,400,347,881 Shares); and
- (vi) a premium of approximately 24.60% to the unaudited consolidated net asset value per Share of the Group of approximately HK\$0.063 per Share, which is calculated by dividing the unaudited consolidated net asset value attributable to equity holders of the Company of approximately US\$19.26 million (or approximately HK\$151.19 million) as at 30 June 2022 as shown in the Company's interim results announcement by the number of Shares in issue as at the date of this announcement (i.e. 2,400,347,881 Shares).

The Rights Issue would result in a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 13.89% to the existing Shareholders if they elect not to participate in the Rights Issue, based on the theoretical diluted price of approximately HK\$0.093 per Share and the benchmarked price (as defined under Rule 7.27B of the Listing Rules) of HK\$0.108 per Share.

The net Subscription Price per Rights Share (after deducting the relevant expenses) will be approximately HK\$0.076 per Rights Share.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Underwriter, having considered various factors including (i) the deteriorating financial condition and imminent funding requirements of the Group; (ii) the recent market price of the Shares under the prevailing market conditions; (iii) the recent volatility of the capital market in Hong Kong with the Hang Seng Index reaching a quarterly high of 22,400 on 28 June 2022 and subsequently reversing its trend and traded below 17,900 on 26 September 2022, which adversely affects investors' confidence in the market; (iv) the necessity to increase the attractiveness of the Rights Issues by offering Qualifying Shareholders the opportunity to participate at a considerable discount to the current market price of the shares of the Company; and (v) the equal opportunity being offered to each of the Qualifying Shareholders for the subscription of the Rights Shares at the Subscription Price in proportion to his/her/ its existing shareholding in the Company.

After taking into account the terms of the Rights Issue and the reasons for the Rights Issue as stated in the section headed "Reasons for and Benefits of the Rights Issue, the Set Off, the Underwriting Agreement and Intended Use of Proceeds" in this announcement, the Directors (other than the members of the Independent Board Committee whose opinion will be set forth in the Circular after considering the advice from the Independent Financial Adviser) consider that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

Status of the Rights Shares

The Rights Shares (when allotted, fully paid or credited as fully paid and issued) will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the fully paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the fully paid Rights Shares.

Qualifying Shareholders

The Rights Issue is available to the Qualifying Shareholders only. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company as at the close of business on the Record Date and not be a Non-Qualifying Shareholder.

Shareholders with their Shares held by a nominee (or held in CCASS) should note that the Board will consider the said nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company and are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names prior to the Record Date.

In order to be registered as members of the Company prior to the close of business on the Record Date, all transfers of the Shares (together with the relevant share certificate(s) and/or the instrument(s) of transfer) must be lodged with the Registrar in Hong Kong, Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. (Hong Kong time) on Wednesday, 16 November 2022.

The Company will despatch the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date.

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.

Closure of register of members

The register of members of the Company will be closed from Friday, 4 November 2022 to Thursday, 10 November 2022 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the EGM.

The register of members of the Company will be closed from Thursday, 17 November 2022 to Monday, 28 November 2022 (both days inclusive) for determining the entitlements to the Rights Issue.

No transfer of the Shares will be registered during the above book closure periods.

Basis of provisional allotments

The basis of the provisional allotments shall be one (1) Rights Share (in nil-paid form) for every one (1) Existing Share held by the Qualifying Shareholders as at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

Rights of the Overseas Shareholders

The Prospectus Documents to be issued in connection with the Rights Issue will not be registered or filed under the securities law of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

According to the register of members of the Company currently available to the Company, as well as to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, there were approximately 600 Overseas Shareholders holding a total of approximately 333.57 million Shares with registered addresses located overseas including but not limited to: Austria, British Virgin Islands, Canada, Cayman Islands, Denmark, France, Guernsey, Ireland, Isle of Man, Jersey, Malaysia, New Zealand, the PRC, Russia, Singapore, Spain, Switzerland, the United Kingdom and the United States.

The Company will comply with Rule 13.36 of the Listing Rules and make necessary enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders (if any) under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If, based on legal advice to be provided by the legal advisers to the Company, the Board is of the opinion that it would be necessary or expedient not to offer the Rights Shares to any Overseas Shareholders on account either of the legal restrictions under the laws of the place(s) of their registered address(es) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in such place(s), such Overseas Shareholder will become a Non-Qualifying Shareholder and therefore will not be entitled to participate in the Rights Issue. The basis for excluding the Non-Qualifying Shareholders, if any, from the Rights Issue will be set out in the Prospectus to be issued.

The Company will send the Prospectus and a letter explaining the circumstances in which the Non-Qualifying Shareholders are not permitted to participate in the Rights Issue to the Non-Qualifying Shareholders for their information only but will not send the PAL to them.

The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.

Arrangements for the NQS Rights Shares

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders, to be sold in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. If the proceeds from each such sale, less expenses, are more than HK\$100, the excess will be paid on pro-rata basis to the relevant Non-Qualifying Shareholders. The Company will retain individual amounts of HK\$100 or less for its own benefit to cover the administrative costs that it would have incurred. Any unsold entitlements of Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders will be offered for subscription by the Placing Agent to the Placees under the Placing and, if not successfully placed out, will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares and the nil-paid Rights Shares.

Share certificates of the Rights Shares and refund cheques for the Rights Issue

Subject to fulfilment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be sent on or before Wednesday, 28 December 2022 to those entitled thereto by ordinary post, at their own risk, to their registered addresses. Each allottee, except HKSCC Nominees Limited, will receive one share certificate for all allotted Rights Shares.

If the Underwriting Agreement is terminated or not becoming unconditional or if the Rights Issue is otherwise terminated, refund cheques will be despatched on or before Wednesday, 28 December 2022 by ordinary post, at the respective Shareholders' own risk, to their registered addresses.

Fractional entitlement to the Rights Shares

On the basis of the provisional allotment of one (1) Right Share for every one (1) Existing Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue and no entitlements of the Non-Qualifying Shareholders to the Rights Shares shall be issued to the Non-Qualifying Shareholders. All fractions of the Rights Shares shall be rounded down to the nearest whole number of Rights Shares and aggregated and, if a premium (net of expenses) can be achieved, sold in the market by the Company for its own benefit.

The Irrevocable Undertakings

As at date of this announcement, Mr Mellon is directly and indirectly through Galloway and Indigo interested in an aggregate of 506,680,329 Shares, representing approximately 21.11% of the entire issued share capital of the Company. Pursuant to the Irrevocable Undertakings given by Mr Mellon under the Underwriting Agreement, Mr Mellon irrevocably undertook with the Company that (i) he will, and will procure Galloway and Indigo to, subscribe for 506,680,329 Rights Shares which comprise the full acceptance of their provisional entitlement in respect of the 506,680,329 Shares beneficially held by him, Galloway and Indigo; (ii) he will not, and will procure Galloway and Indigo not to, dispose of any of the 506,680,329 Shares comprising the current shareholding in the Company owned by them, and such Shares will remain beneficially owned by them up to and including the Record Date; and (iii) he will not exercise the 1,837,000 Share Options held by him up to and including the Record Date.

Save for the Irrevocable Undertakings, as at the date of this announcement, the Board has not received from any other substantial shareholders any information of their intention to take up the Rights Shares to be provisionally allotted to them, or any other undertaking to take up their entitlements under the Rights Issue.

Application for listing

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be issued and allotted pursuant to the Rights Issue, upon the Rights issue becoming effective.

Subject to the granting of the listing of, and the permission to deal in, the Rights Shares (in both their 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 respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms with their board lot size being the same (i.e. 10,000) as their underlying Shares on the Stock Exchange, or such other dates 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.

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

Taxation

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

Procedures in respect of the Unsubscribed Rights Shares and the Compensatory Arrangements

Pursuant to Rule 7.21(2) of the Listing Rules, as the Underwriter is wholly owned by Mr Mellon who is a substantial shareholder of the Company, the Company must make arrangements to dispose of the Unsubscribed Rights Shares, comprising the Rights Shares that are not subscribed by the Qualifying Shareholders and the NQS Rights Shares, by offering the Unsubscribed Rights Shares to independent placees who are not Shareholders by way of a placing for the benefit of the relevant No Action Shareholders. As the Compensatory Arrangements are in place, there will be no excess application arrangements in relation to the Rights Issues as stipulated under Rule 7.21(2)(a) of the Listing Rules.

The Company appointed the Placing Agent to place the Unsubscribed Rights Shares after the Latest Time for Acceptance to independent placees on a best effort basis, and any premium over the aggregate amount of (i) the Subscription Price for those Rights Shares; and (ii) the expenses of the Placing Agent (including any other related costs and expenses), that is realised from the Placing (the “**Net Gain**”) will be paid to those No Action Shareholders in the manner set out below. The Placing Agent will, on a best effort basis, procure, by not later than 4:00 p.m. on Monday, 19 December 2022, acquirers who are not Shareholders for all (or as many as possible) of those Unsubscribed Rights Shares at a price not less than the Subscription Price. Any unsold Unsubscribed Rights Shares under the Compensatory Arrangements will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

Net Gain (if any but rounded down to the nearest cent) will be paid on a pro-rata basis to the No Action Shareholders as set out below:

- (i) where the nil-paid rights are, at the time they lapse, represented by a PAL, to the person whose name and address appeared on the PAL; and

- (ii) where the nil-paid rights are, at the time they lapse, registered in the name of HKSCC Nominees Limited, to the beneficial holders (via their respective CCASS participants) as the holder of those nil-paid rights in CCASS.

It is proposed that if the Net Gain to any of the No Action Shareholder(s) mentioned above (i) is more than HK\$100, the entire amount will be paid to them; or (ii) is HK\$100 or less, such amount will be retained by the Company for its own benefit.

THE PLACING AGREEMENT

On 26 September 2022 (after trading hours of the Stock Exchange), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has agreed to procure Placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares. Details of the Placing Agreement are summarised as follows:

Date: 26 September 2022 (after trading hours of the Stock Exchange)

Placing agent: The Placing Agent was appointed to place, or procure the placing of, a maximum of 1,893,667,552 (assuming no change in the issue share capital of the Company on or before the Record Date) or 1,962,048,552 (assuming new shares are allotted and issued on or before the Record Date pursuant to full exercise of all Share Options, except Mr Mellon who has provided an undertaking not to exercise his Share Options under the Irrevocable Undertakings,) Unsubscribed Rights Shares, on a best effort basis, to the Placee(s).

As at the date of this announcement, the Placing Agent has confirmed that it and its ultimate beneficial owner(s) are independent of and not acting in concert with the Underwriter and parties acting in concert with it.

Placing commission payable to the Placing Agent: (i) A fixed fee of HK\$150,000 (or approximately US\$19,000) or (ii) 2% of the gross proceeds, whichever is higher, from the successful placement of Unsubscribed Rights Shares.

Placing price of the
Unsubscribed Rights Shares:

The placing price of the Unsubscribed Rights Shares shall be not less than the Subscription Price.

The final price will be determined based on the demand for and market conditions of the Unsubscribed Rights Shares at the time of placement.

Placees:

The Unsubscribed Rights Shares shall only be offered by the Placing Agent to Placee(s) who and whose ultimate beneficial owner(s) are not Shareholders and are Independent Third Party(ies) and not acting in concert with the Underwriter and its concert parties and/or any of the Company's connected persons.

Ranking of Unsubscribed
Rights Shares:

The Unsubscribed Rights Shares (when placed, allotted, issued and fully paid) shall rank *pari passu* in all respects among themselves and with the Shares then in issue.

Placing condition:

The Placing is conditional upon the fulfillment of the following conditions on or before the Latest Time for Termination (or such later date as may be agreed in writing between the Placing Agent and the Company): (i) the Listing Committee granting the approval for the listing of, and the permission to deal in, the Rights Shares; (ii) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained; and (iii) the obligations of the Placing Agent under the Placing Agreement not being terminated in accordance with the terms of the Placing Agreement.

Placing Period: The period from Friday, 16 December 2022 up to 4:00 p.m. on Monday, 19 December 2022, or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Compensatory Arrangements.

Termination of the Placing Agreement

The Placing Agent may terminate the Placing Agreement by a notice in writing given to the Company at any time prior to the Latest Time for Termination upon the occurrence of the following events:

- (i) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent's reasonable opinion would materially and adversely affect the success of the Placing; or
- (ii) the imposition of any moratorium, suspension (for more than ten (10) trading days) or restriction on trading in the securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent's reasonable opinion, would materially and adversely affect the success of the Placing, excluding any suspension in connection with the clearance of this announcement or the Prospectus Documents or other announcements and circulars in connection with the Rights Issue; or
- (iii) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agent's reasonable opinion any such new law or change may materially and adversely affect the business or financial prospects of the Group and/or the success of the Placing; or

- (iv) any litigation or claim being instigated against any member of the Group, which has or may have a material adverse effect on the business or financial position of the Group and which in the Placing Agent's reasonable opinion would materially and adversely affect the success of the Placing; or
- (v) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or
- (vi) any breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the date of despatch of share certificates for fully-paid Rights Shares and refund cheques (if any), which if had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect or there has been a breach by the Company of any other provision of the Placing Agreement; or
- (vii) there is any material adverse change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

If: (i) prior to the Latest Time for Termination any such notice is given by the Placing Agent to the Company; and/or (ii) all the Rights Shares have been taken up by the Qualifying Shareholders and/or the holders of the nil-paid rights on or before the Latest Time for Acceptance, the Placing Agreement shall terminate and be of no further effect and neither party shall be under any liability to the other party in respect of the Placing Agreement save for any antecedent breach under the Placing Agreement prior to such termination.

The Underwriter confirms that it and parties acting in concert with it will not be involved in the solicitation, screening and selecting of placees in relation to the Unsubscribed Rights Shares.

The Placing Agent confirms that it is an Independent Third Party, and that there is no other arrangement, agreement, understanding or undertaking with the Underwriter in relation to the Shares.

The terms of the Placing Agreement (including the Placing commission of the higher of (i) a fixed fee of HK\$150,000 (or approximately US\$19,000) or (ii) 2% of the gross proceeds, from the successful placement of Unsubscribed Rights Shares) were determined after arm's length negotiation between the Placing Agent and the Company with reference to the size of the Rights Issue and the prevailing market rate of commission and are on normal commercial terms. The Directors (other than the members of the Independent Board Committee whose opinion will be set forth in the Circular after considering the advice from the Independent Financial Adviser) consider that the terms of the Placing Agreement are fair and reasonable.

Given that the Compensatory Arrangements would provide a compensatory mechanism for the No Action Shareholders and protect the interest of the Independent Shareholders, the Company consider that the Compensatory Arrangements are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Conditions of the Rights Issue

The Rights Issue is conditional upon the Underwriting Agreement having become unconditional and not being terminated in accordance with the terms thereof.

THE UNDERWRITING AGREEMENT

The Rights Shares will be partially underwritten by Galloway as the Underwriter in accordance with the terms of the Underwriting Agreement. The principal terms and conditions of the Underwriting Agreement are set out below:

Date: 26 September 2022 (after trading hours of the Stock Exchange)

Parties: (1) The Company;
(2) Galloway as the Underwriter;
(3) Mr Mellon; and
(4) Indigo

Underwriter:	Galloway is indirectly wholly owned by Mr Mellon who is a substantial shareholder of the Company and directly and indirectly through Galloway and Indigo interested in an aggregate of 506,680,329 Shares, representing approximately 21.11% of the issued share capital of the Company as at the date of this announcement. It is not in the ordinary course of business of Galloway to underwrite securities.
Number of Rights Shares to be underwritten by the Underwriter:	Up to 1,569,711,046 Rights Shares, being all the Underwritten Rights Shares excluding the 506,680,329 Shares under the Irrevocable Undertakings.
Underwriting Commission:	Approximately HK\$1.23 million (or approximately US\$0.16 million), being 1% of the aggregate subscription amount in respect of the maximum number of Underwritten Shares (i.e. 1,569,711,046 Rights Shares) committed to be underwritten, subscribed for or procured subscription for by the Underwriter.

Subject to the terms and conditions set out in the Underwriting Agreement, if and to the extent that at the Latest Placing Time, there shall be any Unsubscribed Rights Shares which have not been successfully placed out by the Placing Agent under the Compensatory Arrangements, then the Underwriter shall subscribe or procure subscription for a maximum of 1,569,711,046 Rights Shares pursuant to the allocations under the terms set out in the Underwriting Agreement and on the terms as set out in the Prospectus Documents. The maximum underwriting commitment of the Underwriter shall be 1,569,711,046 Rights Shares.

The terms of the Underwriting Agreement were determined after arm's length negotiations between the parties with reference to the financial position of the Group, the size of the Rights Issue, the current and expected market conditions, taking into consideration the prevailing market rates of underwriting commission in rights issue exercises undertaken by Hong Kong listed issuers in the past six months, trading liquidity and risks associated with the underwriting, the intention of the Underwriter to facilitate the Company's fundraising efforts for its business development and working capital requirements, and the relationship between the Underwriter, Mr Mellon and Indigo. The Directors (other than the members of the Independent Board Committee whose opinion will be set forth in the Circular after considering the advice from the Independent Financial Adviser) are of the view that the terms of the Underwriting Agreement are fair and reasonable, and the transactions contemplated under the Underwriting Agreement are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Conditions of the Underwriting Agreement

The Underwriting Agreement is conditional upon the fulfilment (or waiver, if applicable, by the Underwriter) of the following conditions:

- (i) the passing by the Independent Shareholders at the EGM of (1) ordinary resolutions to approve the Underwriting Agreement, the Set Off, the Placing Agreement, the Rights Issue and the transactions contemplated thereunder (more than 50% of the Independent Shareholders at the EGM by way of poll); and (2) a special resolution to approve the Whitewash Waiver (at least 75% of the Independent Shareholders at the EGM by way of poll) in accordance with the Listing Rules and the Takeovers Code by no later than the Prospectus Posting Date;
- (ii) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal in, the Rights Shares by no later than the first day of their dealings;
- (iii) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong, not later than the Prospectus Posting Date;
- (iv) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Non-Qualifying Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;
- (v) the Executive granting the Whitewash Waiver to the Underwriter and the satisfaction of all conditions (if any) attached to the Whitewash Waiver granted;
- (vi) the Underwriting Agreement not being terminated in accordance with its terms;

(vii) due compliance with and performance by the Company of all undertakings and obligations in all material respects under the Underwriting Agreement and all representations and warranties thereunder remain to be true and accurate in all material respects; and

(viii) the Placing Agreement not being terminated pursuant to the terms thereof and remain in full force and effect.

If any of the conditions are not satisfied and/or waived by the Latest Time for Termination, the Underwriting Agreement shall terminate and the Rights Issue would not proceed, and any costs incurred by the Underwriter in connection with the Right Issues and the transactions contemplated thereunder shall be borne by the Company.

Termination of the Underwriting Agreement

The Underwriter shall be entitled by a notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement if, prior to the Latest Time for Termination:

1. in the reasonable opinion of the Underwriter, the success of the Rights Issue is or will be materially and adversely affected by:
 - (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may materially and adversely affect the business or the financial or trading position or prospects of the Company as a whole or is materially adverse in the context of the Rights Issue; or
 - (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date thereof) of a political, military, financial, economic or other nature (whether or not *ejusdem generis* with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may materially and adversely affect the business or the financial or trading position or prospects of the Company as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or

2. any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction of trading in securities and a change in currency conditions including without limitation a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States) occurs which in the opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
3. there is any material litigation or claim or proceedings being instigated or threatened against the Company or any of the members of the Group or any other change in the circumstances of the Company which in the opinion of the Underwriter will materially and adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or the destruction of any material asset of the Company; or
4. any event of force majeure including, without limiting the generality thereof, any act of God, war, outbreak or escalation of hostilities (whether or not war is declared), declaration of a national or international emergency, riot, public disorder, civil commotion, economic sanctions, fire, flood, explosion, epidemic, terrorism, calamity, crisis, strike or lock-out (whether or not covered by insurance) which in the opinion of the Underwriter will materially and adversely affect the success of the Rights Issue and/or the prospects of the Company taken as a whole; or
5. any other material adverse change in relation to the business or the financial or trading position or prospects of the Company as a whole whether or not *ejusdem generis* with any of the foregoing; or
6. there shall have occurred, developed, existed or come into effect any material breach by the Company of any representations, warranties, undertakings or any provisions of the Underwriting Agreement; or
7. there shall have occurred, developed, existed or come into effect any event, act or omission which gives or is likely to give rise to any material liability of the Company pursuant to the indemnities referred to in the Underwriting Agreement; or

8. the Circular or the Prospectus Documents when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may in the reasonable opinion of the Underwriter is material to the Group as a whole and is likely to affect materially and adversely the success of the Rights Issue or might cause a prudent investor not to accept the Rights Shares provisionally allotted to it; or
9. any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than five consecutive Business Days, excluding any suspension in connection with the clearance of this announcement or the Prospectus Documents or other announcements and circulars in connection with the Rights Issue.

If prior to the Latest Time for Termination any such notice as is referred to above is given by the Underwriter, all obligations of the Underwriter under the Underwriting Agreement shall cease and determine.

If the Underwriter terminates the Underwriting Agreement, the Rights Issue will not proceed. Further announcement(s) will be made by the Company if the Underwriting Agreement is terminated by the Underwriter.

CONNECTED TRANSACTIONS IN RELATION TO THE UNDERWRITING AGREEMENT AND THE SET OFF

As at the date of this announcement, the principal amount of the Shareholder's Loans owed by the Company to Galloway (as creditor), which is also the Underwriter, was in the principal of approximately US\$13.40 million (or approximately HK\$105.19 million) and accrued interests of approximately US\$1.25 million (or approximately HK\$9.81 million), which in aggregate amounting to approximately US\$14.65 million (or approximately HK\$115.00 million).

The Company decides to use part of the proceeds from the Rights Issue to Set Off the Shareholder's Loans held by Galloway in light of: (i) the Set Off in the Rights Issue was one of the key factors affecting the willingness of Galloway to act as the Underwriter for the Rights Issue; (ii) the maturity dates of the Shareholder's Loans, which shall fall due within 11 months from the expected completion date of the Rights Issue in January 2023; and (iii) saving of any related financing costs.

Pursuant to the Set Off under the Underwriting Agreement, the Underwriter, Mr Mellon, Indigo and the Company agreed that the total amount of subscription monies payable by the Underwriter, Mr Mellon and Indigo for the Rights Shares to which they are entitled to and/or are required to subscribe for (if any) under the Rights Issue and the Underwriting Agreement, respectively, would be set off on a dollar-to-dollar basis against the equivalent amount of the Shareholder's Loans and accrued interest thereon on the completion date of the Rights Issue.

Since the Underwriter and Indigo are wholly owned by Mr Mellon who is a substantial shareholder of the Company, the Set Off and the Underwriting Agreement constitute connected transactions on the part of the Company under Chapter 14A of the Listing Rules and requires the approval of the Independent Shareholders.

Although the Rights Issue is partially underwritten, the exact amount of the Shareholder's Loans to be set off depends on the number of Rights Shares to be taken up by the Qualifying Shareholders and the total number of Unsubscribed Rights Shares to be successfully placed by the Placing Agent to the independent places pursuant to the Compensatory Arrangements. If there remains any balance of the Shareholder's Loans after the Set Off, the Company shall continue to assume its repayment obligations and comply with such terms and conditions of the outstanding Shareholder's Loans. Conversely, if there remains any outstanding subscription monies payable after the Set Off, the Underwriter, Mr Mellon and Indigo shall settle their respective payments in accordance with the terms of the Rights Issue and the Underwriting Agreement.

Assuming there is no change in the issued share capital of the Company on or before the Record Date, (i) the minimum amount of the Shareholder's Loans subject to the Set Off will be approximately US\$5.07 million (or approximately HK\$39.80 million) (assuming (a) all Qualifying Shareholders take up all their entitlements under the Rights Issue and (b) no change in the issued share capital of the Company on or before the Record Date); and (ii) the maximum amount of the Shareholder's Loans (together with accrued interest thereon) subject to the Set Off will be the full amounts of the Shareholder's Loans and accrued interest thereon on the completion date of the Rights Issue owing by the Company to the Underwriter (assuming (a) no Qualifying Shareholders take up any of his/her/its entitlements under the Rights Issue; and (b) no Independent Third Parties take up the Unsubscribed Rights Shares such that all the Unsubscribed Rights Shares are taken up by the Underwriter).

Completion of the Set Off, which is subject to the same conditions as the Rights Issue, shall take place simultaneously with the issue of the Rights Shares by the Company pursuant to the terms of the Rights Issue.

POSSIBLE ADJUSTMENT TO THE SHARE OPTIONS UNDER THE SHARE OPTIONS SCHEME

As at the date of this announcement, there are 70,218,000 outstanding Share Options. The Rights Issue may lead to adjustments to the exercise price and/or the number of Shares to be issued upon exercise of the Share Options under the Share Option Scheme. Based on the preliminary calculation by the Company, the number of Shares to be issued upon exercise of the Share Options upon the completion of the Rights Issue will possibly be adjusted in accordance with Rule 17.03(13) of the Listing Rules. Pursuant to the poll results of the extraordinary general meeting of the Company held on 8 June 2016, the Scheme Mandate Limit of up to 10% of the Shares in issue as at 8 June 2016 was passed, which was equivalent to 173,725,118 Shares. As such, the number of Shares to be issued upon exercise of the Share Options under the Share Option Scheme after the aforementioned adjustment would then continue to be within the Scheme Mandate Limit.

The Company will notify the holders of such Share Options and the Shareholders by way of announcement (as and when appropriate) when the aforementioned adjustment takes effect and such adjustment will be certified by the Independent Financial Adviser or auditors of the Company (as the case may be).

FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

During the 12 months immediately preceding the date of this announcement, the Company has not conducted any equity fund raising activities.

REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE, THE SET OFF, THE UNDERWRITING AGREEMENT AND INTENDED USE OF PROCEEDS

Background of the Company

The Company is an exempted company incorporated under the laws of the Cayman Islands with limited liability whose shares are listed on the Stock Exchange and are also traded on the Open Market (Freiverkehr) of the Frankfurt Stock Exchange. The Group is a diversified investment group based in Hong Kong currently holding various corporate and strategic investments focusing on the healthcare, wellness and life sciences sectors.

Financial position of the Group

As disclosed in the interim report of the Company for the period ended 30 June 2022, the net current liabilities of the Group as at 30 June 2022 was approximately US\$10.91 million (or approximately HK\$85.64 million), comprising current assets of approximately US\$4.57 million (or approximately HK\$35.87 million) and current liabilities of approximately US\$15.48 million (or approximately HK\$121.52 million).

As at 30 June 2022, the current assets of the Group mainly consisted of cash and bank balances of approximately US\$0.22 million (or approximately HK\$1.73 million) and financial assets at fair value through profit or loss of approximately US\$3.27 million (or approximately HK\$25.67 million), whereas the current liabilities of the Group mainly consisted of convertible notes (liability portion) due in August 2022 of approximately US\$2.57 million (or approximately HK\$20.17 million), shareholder's loans due within 12 months of approximately US\$7.92 million (or approximately HK\$62.17 million) and trade payables, deposit received, accruals and other payables amounted to approximately US\$4.49 million (or approximately HK\$35.25 million). The non-current liabilities of the Group as at 30 June 2022 amounted to approximately US\$6.69 million (or approximately HK\$52.52 million) comprising shareholder's loans due after 12 months but within 24 months of approximately US\$2.95 million (or approximately HK\$23.16 million) and deferred tax liabilities of approximately US\$3.67 million (or approximately HK\$28.81 million).

The convertible notes (principals and accrued interests) of the Company due in August 2022 in the amount of approximately US\$2.72 million (or approximately HK\$21.35 million) were fully repaid by the Company on 23 August 2022 and accordingly, the cash and bank balances of the Group remains at a relatively low level at US\$0.79 million (or approximately HK\$6.20 million) as at 31 August 2022. Notwithstanding the deteriorating financial position of the Group, its total outstanding Shareholder's Loans amounted to approximately US\$13.40 million (or approximately HK\$105.19 million) as at 31 August 2022, of which (i) approximately US\$9.00 million (or approximately HK\$70.65 million) will be repayable in the first quarter of 2023; (ii) approximately US\$1.45 million (or approximately HK\$11.38 million) in the second quarter of 2023; (iii) approximately US\$1.54 million (or approximately HK\$12.09 million) in the third quarter of 2023; and (iv) approximately US\$1.41 million (or approximately HK\$11.07 million) in the last quarter of 2023. Interests accrued on the outstanding Shareholder's Loans as at 31 August 2022 amounted to approximately US\$1.20 million (or approximately HK\$9.42 million).

Business development

As previously announced, the Group has been engaging in a number of projects such as (i) continuing to pursue the successful commercialisation of Fortacin™/ Senstend™ in the remaining key markets of the United States, China, Asia, Latin America and the Middle East; (ii) developing and patenting new aging clocks utilising new data types; (iii) providing its AgeMetric™ biological age reports to clinics and medical doctors for a fee; (iv) providing age prediction and recommendation services via software as a service (SaaS)® AI and on-premises instalment to the life and health insurance companies; and (v) developing its MindAge® offering through its mobile app and website together with partnering with insurance companies and other strategic commercial partners through its operating subsidiaries.

The Company's main business development activities will focus on its two wholly-owned subsidiaries:

Plethora – Fortacin™ / Senstend™

- Assisting Wanbang Biopharmaceutical Co., Ltd in completion of its randomised clinical trial and the submission of the study data to the National Medical Products Administration (**NMPA**) for approval of the New Drug Application (**NDA**) in China
- Progressing the phase III study protocol with The Food and Drug Administration of the United States (**FDA**) and commencement of the study with the view to submitting the NDA in 2023
- Assisting Recordati with the re-launch of Fortacin™ in its key territories in the European Union
- Assisting K.S. KIM International (SK-Pharma) Ltd with its regulatory approval for Fortacin™ / Senstend™ in Israel and the Balkan region
- Commercialising the product in our other key areas.

Deep Longevity

Deep Longevity (**DL**) is committed to building and commercialising various aging clocks using its artificial intelligence (**AI**) led deep learning models. DL is applying special focus to the following areas:

- Branded SaaS[®] platform called JuvAge[™] which Longevity clinics, hospitals and medical doctors will be able to generate a variety of biological reports containing biological age prediction versus chronological age as well as recommendations towards better health and wellness
- Commercially offering Blood Age, Mind Age, Epigenetic Age predictions through the JuvAge[™] which will expand to include Transcriptomic Age and Microbiomic Age by the end of 2022, with the aim of building more features and functionality into the JuvAge[™] over 2023
- Business development activities to launch JuvAge[™] into the Provider universe
- Building the technology ecosystem that will deliver all DL aging clocks via JuvAge[™] as well as white-labelled APIs as the opportunity arises
- Building traction with life insurance companies to transform underwriting through API based deliver of Blood Age and mortality predictions
- Offering Mind Age to life insurance companies, employers as an enabler for mental health and wellbeing
- Providing its MindAge[®] offering as it seeks to tap into the robust demand seen in the virtual mental health care market
- Expanding the research & IP base by adding more aging clocks, Transcriptomic Age and Microbiomic Age, as well as collaborating with academic institutions and enterprises to make existing clocks robust and relevant
- At this stage, DL is considering the creation of an enterprise grade MindAge[®] offering (web and app based) directed at large and mid-sized employers in the United States, the United Kingdom and Europe, which will be the platform of choice for employees to manage their virtual mental well-being in a safe, secure, private and personalized environment within the workplace.

The Company plans to continue progressing these projects through the remainder of 2022 and for 2023.

Funding needs

In light of the recent financial performance of the Group that included the material adverse impact brought on by the: (i) slower than anticipated progress in respect of regulatory approvals of Senstend™ in China and Fortacin™ in the United States, which has delayed the receipt of further milestone and other potential licensing payments; (ii) continued outbreak of COVID-19 on the roll-out of Fortacin™ across currently untapped jurisdictions; and (iii) manufacturing issues experienced by the manufacturer of Fortacin™ together with the repayment obligations of the Group, the financial position of the Group has been deteriorating. The Board considers that it is vital for the Group to have access to additional funding and working capital in order to maintain its competitiveness in the market by (i) recapitalising its balance sheet; (ii) reducing future financing costs; and (iii) allowing for sufficient working capital to achieve the short-to-medium plan on business development of the Group.

Fund raising alternatives

The Directors have evaluated various debt and/or equity fund raising alternatives such as borrowings from banks and/or financial institutions, placing of new Shares, an open offer or rights issue by the Company.

Among these alternatives, the Directors noted (i) the significant increase in borrowing costs as a result of the recent global interest rate hikes, and the difficulties which the Group has been facing in negotiations with its main commercial bank for business loans given its unsatisfactory financial performance and the reluctance to accept intangible assets as collaterals for secured lending by creditors; (ii) the current bearish market sentiment which adversely affects the willingness of potential investors to participate in equity placements, and given the scale of the proposed fund raising exercise, the inevitable material dilution on shareholdings of existing shareholders of the Company without offering them the opportunity to participate in such exercise; and (iii) the similarities between an open offer and a rights issue which provide the Qualifying Shareholders with the equal opportunity to participate in proportion to their existing shareholding interests, however, an open offer does not allow the trading of rights entitlements in the open market and accordingly, Shareholders must either participate in the offer or lose the benefit of any discount at which the new shares are offered. On the other hand, after taking into consideration, among other factors, its business development plan, financial situation and core corporate value of equality in treatment to Shareholders, the Directors are of the view that a rights issue is the most suitable and equitable fund raising alternative for the Company and provides an opportunity for existing Qualifying Shareholders to participate in the future development of the Company.

The Directors (other than the members of the Independent Board Committee whose opinion will be set forth in the Circular after considering the advice from the Independent Financial Adviser) consider that the Rights Issue would be in the best interests of the Company and Shareholders as a whole because it: (i) offers certainty as to the fund raising size by the Company as it is partially underwritten; (ii) allows the Group to recapitalise its balance sheet by repaying in full the Shareholder's Loans from the proceeds received and the Set Off to be implemented; (iii) significantly improves the financial position and gearing ratio of the Group by turning the Company into an essentially debt free enterprise; (iv) facilitates the Group in reducing its future financing costs by early repayment of its outstanding debts; (v) provides sufficient working capital to the Group for its on-going requirements and business development requirements; and (vi) gives the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Company.

The Underwriting Agreement and the Set Off

As abovementioned, the Rights Issue is partially underwritten to provide certainty as to the minimum amount of proceeds that could be raised through the exercise for the Company. The Company approached different independent securities brokers in respect of the proposed underwriting of the Unsubscribed Rights Shares without success mainly due to the prevailing poor market conditions, recent financial performance of the Group, thin trading volume of the Shares and/or demand for high underwriting fees. In view of the difficulty in securing an underwriter for the Rights Issue, the Company then approached its substantial shareholder, Mr Mellon, for acting as the underwriter for the Rights Issue. Although Mr Mellon is not engaged in the underwriting business, he nominated his wholly-owned entity, Galloway, to act as the Underwriter of the Unsubscribed Rights Shares in accordance with the terms and conditions of the Underwriting Agreement to show his strong support towards the Group and confidence in its future prospects.

Terms and conditions of the Underwriting Agreement were arrived at after arms-length negotiations between the Company and the Underwriter. In particular, the Set Off as stipulated under the Underwriting Agreement was one of the key factors which induced Galloway, being the creditor of the Shareholder's Loans of the Company, to act as the Underwriter for the Unsubscribed Rights Shares as the Set Off would effectively minimise the amount of cash outlay required from the Underwriter for subscription of the Unsubscribed Rights Shares pursuant to the terms of the Underwriting Agreement.

From the Company's perspective, by assuming that completion of the Rights Issue will take place in January 2023, the Directors noted that (i) approximately 78% of the total outstanding Shareholder's Loans will become due within six months after the completion of the Rights Issue; (ii) the Group will be able to save estimated interest expense of approximately US\$0.65 million (or approximately HK\$5.10 million) per annum in the event that it repays the full amount of the outstanding Shareholder's Loans immediately after the completion of the Rights Issue; and (iii) any savings in interest expense on Shareholder's Loans can be redeployed to support the continuous business development of the Group, and accordingly, they considered that the proposed Set Off is justifiable and beneficial to the Group.

Save for the Set Off, the Company does not have any similar set-off arrangements in relation to these loans.

Intended use of proceeds

The estimated net proceeds from the Rights Issue before the Set Off and after deducting all necessary expenses of approximately HK\$6.28 million (or approximately US\$0.80 million) will be approximately HK\$182.15 million (or approximately US\$23.20 million) by issuing 2,400,347,881 Rights Shares (assuming (i) full acceptance by the Qualifying Shareholders under the Rights Issue; and (ii) no change in the issued share capital of the Company on or before the Record Date). The Group intends to apply the net proceeds for the following purposes:

- (i) approximately 63.63% of the net proceeds (up to approximately HK\$115.90 million, (or approximately US\$14.76 million)) will be used for the Set Off;
- (ii) approximately 26.37% of the net proceeds (up to approximately HK\$48.04 million, (or approximately US\$6.12 million)) will be used for implementation of business development plan as described under the section headed "Business Development" above; and
- (iii) the remaining 10.00% of the net proceeds (up to approximately HK\$18.21 million, (or approximately US\$2.32 million)) will be used as general working capital of the Group.

In the event that there is an undersubscription of the Rights Issue, the net proceeds of the Rights Issue will be utilised in proportion to the above uses.

Assuming no new Shares are allotted and issued pursuant to any exercise of the Share Options and no other change in the issued share capital of the Company on or before the Record Date, the net subscription price per Rights Share upon full acceptance of the relevant provisional allotment of Rights Shares are expected to be approximately HK\$0.076.

INFORMATION ON THE UNDERWRITER

The Rights Issue will be underwritten by Galloway, which is wholly owned by Mr Mellon who is a substantial shareholder of the Company. Galloway is a private limited liability company incorporated in British Virgin Islands and indirectly wholly owned by Mr Mellon. In the event that Galloway becomes the controlling shareholder of the Company as a result of the taking up of the Unsubscribed Rights Shares under the Underwriting Agreement, it is the intention of Galloway to continue the existing businesses of the Group. Galloway has no intention to introduce any major changes to the businesses of the Group (including any redeployment of the fixed assets of the Group) or terminate the continued employment of the employees of the Group.

Mr Mellon is the non-executive Chairman of the Company, who together with the parties acting in concert with him holds approximately 25.15% of the Shares and his biographical details are disclosed in the Company's 2021 Annual Report.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Scenario 1: Assuming no change in the issued share capital of the Company from the date of this announcement up to the Record Date

Shareholders	As at the date of this announcement		Full acceptance of the Rights Shares by all Qualifying Shareholders		Nil acceptance of the Rights Shares by the Qualifying Shareholders except for Mr Mellon pursuant to the Irrevocable Undertakings and all of the Unsubscribed Rights Shares are placed to the Placees under the Compensatory Arrangements		Nil acceptance of the Rights Shares by the Qualifying Shareholders except for Mr Mellon pursuant to the Irrevocable Undertakings, none of the Unsubscribed Rights Shares are placed and 1,569,711,046 of the Underwritten Rights Shares are taken up by the Underwriter	
	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %
Mr Mellon	403,806,071	16.82	807,612,142	16.82	807,612,142	16.82	807,612,142	18.04
Galloway (Note 1)	77,082,353	3.21	154,164,706	3.21	154,164,706	3.21	1,723,875,752	38.51
Indigo (Note 1)	25,791,905	1.08	51,583,810	1.08	51,583,810	1.08	51,583,810	1.15
Mr Mellon's parents	430,000	0.01	860,000	0.01	430,000	0.01	430,000	0.01
Jamie Gibson (Note 2 and 6)	89,396,748	3.73	178,793,496	3.73	89,396,748	1.86	89,396,748	2.00
Julie Oates (Note 3 and 6)	1,000,000	0.04	2,000,000	0.04	1,000,000	0.02	1,000,000	0.02
Mark Searle (Note 3 and 6)	3,170,292	0.13	6,340,584	0.13	3,170,292	0.07	3,170,292	0.07
Jayne Sutcliffe (Note 4)	1,716,046	0.07	3,432,092	0.07	1,716,046	0.03	1,716,046	0.04
Anderson Whamond (Note 5)	1,400,000	0.06	2,800,000	0.06	1,400,000	0.03	1,400,000	0.03
Mr Mellon and parties acting in concert or presumed acting in concert with him	603,793,415	25.15	1,207,586,830	25.15	1,110,473,744	23.13	2,680,184,790	59.87
Placees	-	-	-	-	1,893,667,552	39.45	-	-
Other public Shareholders	1,796,554,466	74.85	3,593,108,932	74.85	1,796,554,466	37.42	1,796,554,466	40.13
Total	2,400,347,881	100.00	4,800,695,762	100.0	4,800,695,762	100.0	4,476,739,256	100.0

Notes:

- Both Galloway and Indigo are wholly owned by Mr Mellon.
- Jamie Gibson is an executive Director and the chief executive officer of the Company.
- Julie Oates and Mark Searle are independent non-executive Directors.
- Jayne Sutcliffe is a non-executive Director. She is also acting in concert for the purpose of the Takeovers Code with Mr Mellon.

- Anderson Whamond is a former Director. He is also acting in concert for the purpose of the Takeovers Code with Mr Mellon.
- Each of Jamie Gibson, Julie Oates and Mark Searle is a Director and is presumed to be acting in concert with the Underwriter under class (6) presumption under the definition of “acting in concert” under the Takeovers Code until completion of the Rights Issue. This class (6) presumption will cease to apply after completion of the Rights Issue. Other than such presumption, none of Jamie Gibson, Julie Oates and Mark Searle is a party acting in concert with the Underwriter or Mr Mellon under the definition of “acting in concert” under the Takeovers Code.
- The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed therein are due to rounding adjustments.

Scenario 2: Assuming new Shares are allotted and issued on or before the Record Date pursuant to the full exercise of all Share Options but otherwise no other change in the issued share capital of the Company from the date of this announcement up to the Record Date

Shareholders	As at the date of this announcement		Immediately after full exercise of all Share Options except for Mr Mellon but otherwise no other change in the issued share capital of the Company from the date of this announcement up to the Record Date		Full acceptance of the Rights Shares by all Qualifying Shareholders		Nil acceptance of the Rights Shares by the Qualifying Shareholders except for Mr Mellon pursuant to the Irrevocable Undertakings and all of the Unsubscribed Rights Shares are placed to the Places under the Compensatory Arrangements		Nil acceptance of the Rights Shares by the Qualifying Shareholders except for Mr Mellon pursuant to the Irrevocable Undertakings, none of the Unsubscribed Rights Shares are placed and 1,569,711,046 of the Underwritten Rights Shares are taken up by the Underwriter	
	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %	No. of Shares	Approx. %
Mr Mellon	403,806,071	16.82	403,806,071	16.36	807,612,142	16.36	807,612,142	16.36	807,612,142	17.77
Galloway ^(Note 1)	77,082,353	3.21	77,082,353	3.12	154,164,706	3.12	154,164,706	3.12	1,723,875,752	37.93
Indigo ^(Note 1)	25,791,905	1.08	25,791,905	1.05	51,583,810	1.05	51,583,810	1.05	51,583,810	1.13
Mr Mellon's parents	430,000	0.01	430,000	0.02	860,000	0.02	430,000	0.01	430,000	0.01
Jamie Gibson ^(Note 2 and 6)	89,396,748	3.73	107,766,748	4.36	215,533,496	4.36	107,766,748	2.18	107,766,748	2.37
Julie Oates ^(Note 3 and 6)	1,000,000	0.04	2,837,000	0.12	5,674,000	0.12	2,837,000	0.06	2,837,000	0.06
Mark Searle ^(Note 3 and 6)	3,170,292	0.13	5,007,292	0.20	10,014,584	0.20	5,007,292	0.10	5,007,292	0.11
Jayne Sutcliffe ^(Note 4)	1,716,046	0.07	3,553,046	0.14	7,106,092	0.14	3,553,046	0.07	3,553,046	0.08
Anderson Whamond ^(Note 5)	1,400,000	0.06	1,400,000	0.06	2,800,000	0.06	1,400,000	0.03	1,400,000	0.03
Mr Mellon and parties acting in concert or presumed acting in concert with him	603,793,415	25.15	627,674,415	25.43	1,255,348,830	25.43	1,134,354,744	22.98	2,704,065,790	59.49
Places	-	-	-	-	-	-	1,962,048,552	39.73	-	-
Other public Shareholders	1,796,554,466	74.85	1,841,054,466	74.57	3,682,108,932	74.57	1,841,054,466	37.29	1,841,054,466	40.51
Total	2,400,347,881	100.00	2,468,728,881	100.0	4,937,457,762	100.0	4,937,457,762	100.0	4,545,120,256	100.0

Notes:

- Both Galloway and Indigo are wholly owned by Mr Mellon.
- Jamie Gibson is an executive Director and the chief executive officer of the Company.
- Julie Oates and Mark Searle are independent non-executive Directors.
- Jayne Sutcliffe is a non-executive Director. She is also acting in concert for the purpose of the Takeovers Code with Mr Mellon.

- 5. Anderson Whamond is a former Director. He is also acting in concert for the purpose of the Takeovers Code with Mr Mellon.
- 6. Each of Jamie Gibson, Julie Oates and Mark Searle is a Director and is presumed to be acting in concert with the Underwriter under class (6) presumption under the definition of “acting in concert” under the Takeovers Code until completion of the Rights Issue. This class (6) presumption will cease to apply after completion of the Rights Issue. Other than such presumption, none of Jamie Gibson, Julie Oates and Mark Searle is a party acting in concert with the Underwriter or Mr Mellon under the definition of “acting in concert” under the Takeovers Code.
- 7. The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed therein are due to rounding adjustments.

EXPECTED TIMETABLE FOR THE RIGHTS ISSUE

The expected timetable for the Rights Issue set out below is indicative only and has been prepared on the assumption that the Rights Issue, the Placing, the Set Off, the Underwriting Agreement and the Whitewash Waiver will be approved by the Independent Shareholders at the EGM. The expected timetable is subject to change, and any such change will be announced in a separate announcement by the Company as and when appropriate.

Event	Time and date (Hong Kong time)
Despatch date of the Circular, proxy form and notice of EGM	on or before Monday, 17 October 2022
Latest time for lodging transfer of Shares to qualify for attendance and voting at the EGM	4:30 p.m. on Thursday, 3 November 2022
Closure of register of members of the Company for the EGM (both days inclusive)	Friday, 4 November 2022 to Thursday, 10 November 2022
Latest time for lodging proxy forms for the EGM	3:00 p.m. on Tuesday, 8 November 2022

Event	Time and date (Hong Kong time)
Record date for determining entitlements for attendance and voting at the EGM	Thursday, 10 November 2022
Expected time and date of the EGM	3:00 p.m. on Thursday, 10 November 2022
Announcement of the poll results of the EGM	Thursday, 10 November 2022
Last day of dealings in the Shares on cum-rights basis relating to the Rights Issue	Monday, 14 November 2022
First day of dealings in the Shares on ex-rights basis relating to the Rights Issue	Tuesday, 15 November 2022
Latest time for the Shareholders to lodge transfer of the Shares in order to qualify for the Rights Issue	4:30 p.m. on Wednesday, 16 November 2022
Closure of register of members of the Company for the Rights Issue (both days inclusive).	Thursday, 17 November 2022 to Monday, 28 November 2022
Record date for the Rights Issue	Monday, 28 November 2022
Despatch of the Prospectus Documents (in the case of Non-Qualifying Shareholders, the Prospectus only).	Tuesday, 29 November 2022
First day of dealings in nil-paid Rights Shares	Thursday, 1 December 2022
Latest time for splitting of nil-paid Rights Shares	4:30 p.m. on Monday, 5 December 2022
Last day of dealings in nil-paid Rights Shares.	Thursday, 8 December 2022

Event	Time and date (Hong Kong time)
Latest time for lodging transfer documents of nil-paid Rights Shares in order to qualify for the Compensatory Arrangements	4:00 p.m. on Tuesday, 13 December 2022
Latest time for acceptance of and payment for the Rights Shares.	4:00 p.m. on Tuesday, 13 December 2022
Announcement of the number of Unsubscribed Rights Shares subject to the Compensatory Arrangements.	Thursday, 15 December 2022
Commencement of placing of Unsubscribed Rights Shares by the Placing Agent	Friday, 16 December 2022
Latest time of placing of the Unsubscribed Rights Shares by the Placing Agent.	4:00 p.m. on Monday, 19 December 2022
Latest time for terminating the Underwriting Agreement and for the Rights Issue to become unconditional	4:00 p.m. on Tuesday, 20 December 2022
Announcement of results of the Rights Issue (including results of the placing of Unsubscribed Rights Shares and the amount of the Net Gain per Unsubscribed Rights Share under the Compensatory Arrangements)	Friday, 23 December 2022
Despatch of share certificates for fully-paid Rights Shares and completion of Placing to take place	on or before Wednesday, 28 December 2022

Event	Time and date (Hong Kong time)
Refund cheques, if any, to be despatched (if the Rights Issue is terminated)	on or before Wednesday, 28 December 2022
Commencement of dealings in fully-paid Rights Shares	9:00 a.m. on Thursday, 29 December 2022
Payment of Net Gain (if any) to relevant No Action Shareholders and net proceeds (if any) from sale of nil-paid Rights Shares to the relevant Non-Qualifying Shareholders	Tuesday, 17 January 2023

All times and dates stated above refer to Hong Kong local times and dates.

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The latest time for acceptance of and payment for the Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning or extreme conditions caused by super typhoons:

1. in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Tuesday, 13 December 2022. Instead the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
2. in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Tuesday, 13 December 2022. Instead the latest time for acceptance of and payment for the 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 in Hong Kong 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 does not take place on or before 4:00 p.m. on Tuesday, 13 December 2022, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

LISTING RULES IMPLICATIONS

1) Rights Issue

In accordance with Rule 7.19A(1) and Rule 7.27A(1) of the Listing Rules, as the Rights Issue, if proceeded with, will increase the issued share capital of the Company by more than 50% within a 12-month period immediately preceding the date of this announcement, the Rights Issue will be subject to the approval by the Independent Shareholders (comprising both the Qualifying Shareholders and the Non-Qualifying Shareholders) at the EGM by way of poll at which the controlling shareholders and their associates or, where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the resolution(s) relating to the Rights Issue at the EGM. As such, the Directors (excluding independent non-executive Directors) and their associates shall abstain from voting in favour of the resolution(s) to approve the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder at the EGM.

2) Connected Transactions

As Mr Mellon is a substantial shareholder of the Company and both the Underwriter and Indigo are wholly owned by Mr Mellon, therefore Mr Mellon, the Underwriter and Indigo are regarded as connected persons of the Company. Accordingly, the transactions contemplated under the Underwriting Agreement and the Set Off constitute connected transactions for the Company under the Listing Rules which are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Shareholders with a material interest in the transactions contemplated under the Underwriting Agreement and the Set Off are required to abstain from voting on the relevant resolution at the EGM.

As Mr Mellon and Jayne Sutcliffe who is a concert party of Mr Mellon are materially interested in the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder, they were required to abstain from voting at the Board resolutions approving such matters.

TAKEOVERS CODE IMPLICATIONS AND APPLICATION FOR WHITEWASH WAIVER

Assuming (i) there is no change in the issued share capital of the Company from the date of this announcement up to and including the date of close of the Rights Issue; (ii) none of the Qualifying Shareholders (other than Mr Mellon who takes up or procure to take up the entitlements under the Irrevocable Undertakings); and (iii) none of the Unsubscribed Rights Shares have been taken up under the Compensatory Arrangements, the aggregate shareholding of the Underwriter and parties acting in concert with it in the Company upon the close of the Rights Issue will increase from the current level of approximately 25.15% to approximately 59.87% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares. The Underwriter will, in the absence of the Whitewash Waiver, be obliged to make a mandatory general offer for all issued Shares not already owned or agreed to be acquired by it pursuant to Rule 26 of the Takeovers Code. **If the Whitewash Waiver is approved by the Independent Shareholders, the maximum potential holding of voting rights of the Company held by the Underwriter and parties acting in concert with it as a result of the underwriting of the Rights Shares by the Underwriter pursuant to the Underwriting Agreement will exceed 50% of the voting rights of the Company. The Underwriter may further increase its holdings of voting rights of the Company without incurring any further obligations under Rule 26 of the Takeovers Code to make a general offer.**

An application will be made to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Executive may or may not grant the Whitewash Waiver, and if granted, the Whitewash Waiver will be subject to, among other things, (i) the approval by at least 75% of the independent votes that are casted by the Independent Shareholders at the EGM by way of poll in respect of the Whitewash Waiver; and (ii) the approval by more than 50% of the Independent Shareholders at the EGM by way of poll in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Set Off, and the transactions contemplated thereunder.

The Rights Issue is conditional on, among other things, the granting of the Whitewash Waiver by the Executive and the approval by the Independent Shareholders at the EGM in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Set Off and the transactions contemplated thereunder, and the Whitewash Waiver. If the Whitewash Waiver is not granted and/or approvals by the Independent Shareholders are not obtained, the Rights Issue will not proceed.

The Underwriter and parties acting in concert with it and any Shareholders who are involved in or interested in the Rights Issue, the Underwriting Agreement, the Set Off, the Placing Agreement and the transactions contemplated thereunder and/or the Whitewash Waiver shall abstain from voting on the relevant resolution(s) at the EGM.

As at the date of this announcement, the Company believes that the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Set Off and the transactions contemplated thereunder and the Whitewash Waiver would not give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules). If a concern should arise after the release of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the Circular relating to, among others, the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Set Off and the transactions contemplated thereunder, and the Whitewash Waiver. The Company notes that the Executive may not grant the Whitewash Waiver if the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Set Off and the transactions contemplated thereunder and the Whitewash Waiver does not comply with other applicable rules and regulations.

DEALINGS OF THE SHARES BY THE UNDERWRITER AND PARTIES ACTING IN CONCERT WITH IT

As at the date of this announcement, the Underwriter and any parties acting in concert with it:

- (i) do not own, control or have control or direction over any voting rights and right over Shares, outstanding options, warrants, or any securities that are convertible into Shares or any derivatives in respect of securities in the Company, or hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company, save for the Shares as set out in the section headed “Effects on the Shareholding Structure of the Company” in this announcement;
- (ii) have not received any irrevocable commitment to vote for or against the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Set Off, and/or the Whitewash Waiver;
- (iii) have not borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;

- (iv) have not paid and will not pay any other consideration, compensation or benefit in whatever form to the Company in connection with the Rights Issue and the Underwriting Agreement, save for the Rights Shares to be subscribed and underwritten by the Underwriter and the Set Off;
- (v) do not have any arrangements referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company, which might be material to the Rights Issue and/or the Underwriting Agreement, the Set Off, and/or the Whitewash Waiver, with any other persons, save for the Underwriting Agreement and the Irrevocable Undertakings therein given by Mr Mellon;
- (vi) do not have any agreement or arrangement to which it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Rights Issue, the Underwriting Agreement, the Set Off, and/or the Whitewash Waiver, except that the Rights Issue and the Underwriting Agreement are conditional upon, among other things, obtaining of the Whitewash Waiver by the Underwriter as set out in the sub-section headed "Conditions of the Underwriting Agreement" under the section headed "The Underwriting Agreement" of this announcement;
- (vii) have not dealt in any securities of the Company in the 6-month period preceding the date of this announcement; and
- (viii) have not entered into any derivative in respect of the relevant securities in the Company which are outstanding.

As at the date of this announcement,

- (i) apart from the Underwriting Agreement and the Irrevocable Undertakings therein and the Set Off, there is no other understanding, arrangement or special deal between the Group on the one hand, and the Underwriter and parties acting in concert with it on the other hand; and
- (ii) apart from the Underwriting Agreement and the Irrevocable Undertakings therein and the Set Off, there is no understanding, arrangement or agreement or special deal between (a) any Shareholder; and (b) the Underwriter and parties acting in concert with it; or the Company, its subsidiaries or associated companies.

EGM

The register of members of the Company will be closed from Friday, 4 November 2022 to Thursday, 10 November 2022 (both days inclusive) for determining the identity of the Shareholders entitled to attend and vote at the EGM. For the avoidance of doubt, the Non-Qualifying Shareholders are entitled to attend and vote at the EGM.

The EGM will be held to consider and, if thought fit, pass the resolutions to approve, among other things, the Rights Issue, the Placing Agreement, the Underwriting Agreement and the Whitewash Waiver. Only the Independent Shareholders will be entitled to vote on the resolution(s) to approve the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver at the EGM.

In accordance with the Listing Rules and the Takeovers Code, the Directors and the chief executive of the Company (but excluding the independent non-executive Directors) and their respective associates; the Underwriter, its associates and parties acting in concert with the Underwriter; any Shareholders with a material interest in the Rights Issue, the Underwriting Agreement, the Set Off, the Placing Agreement and the transactions contemplated thereunder; and Shareholders who are involved in, or interested in (other than by being a Shareholder), the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Set Off and/or the Whitewash Waiver will be required to abstain from voting on the relevant resolution(s).

Save as disclosed in this announcement, no other Shareholder is required to abstain from voting on the resolution(s) to approve the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Set Off and the transactions contemplated thereunder and/or the Whitewash Waiver at the EGM.

THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all independent non-executive Directors, will be established in compliance with Chapter 14A of the Listing Rules and Rule 2.8 of the Takeovers Code to advise the Independent Shareholders as to whether the terms of the Rights Issue, the Set Off, the Underwriting Agreement, the Placing Agreement and the Whitewash Waiver are on normal commercial term, fair and reasonable, in the interests of the Company and the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser. The only two non-executive Directors, namely Mr Mellon and Jayne Sutcliffe, are not included as members of the Independent Board Committee due to Mr Mellon's direct interests in the Rights Issue, the Underwriting Agreement, the Set Off, the Whitewash Waiver and the transactions contemplated thereunder and the fact that Jayne Sutcliffe is a concert party of Mr Mellon.

The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Rights Issue, the Set Off, the Underwriting Agreement, the Placing Agreement and the Whitewash Waiver are on normal commercial term, fair and reasonable, in the interests of the Independent Shareholders as a whole, and to advise the Independent Shareholders on how to vote.

DESPATCH OF CIRCULAR AND PROSPECTUS DOCUMENTS

The Circular containing, among other things, (i) further details of the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Set Off and the Whitewash Waiver; (ii) a letter of recommendations from the Independent Board Committee in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Set Off and the Whitewash Waiver; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in regard to the aforesaid; (iv) other information required under the Listing Rules and the Takeovers Code; and (v) a notice convening the EGM, should be despatched to the Shareholders (including the Non-Qualifying Shareholders) within 15 Business Days from the date of this announcement pursuant to Rule 14A.68(11) of the Listing Rules and 21 days from the date of this announcement pursuant to Rule 8.2 of the Takeovers Code, whichever is earlier.

Subject to, among other things, the Rights Issue, the Placing Agreement, the Underwriting Agreement, the Set Off and the transactions contemplated thereunder and the Whitewash Waiver having been approved by the Independent Shareholders at the EGM, the Prospectus Documents or the Prospectus, whichever is appropriate, will be despatched to the Qualifying Shareholders and, for information only, the Non-Qualifying Shareholders in due course. For the avoidance of doubt, the Non-Qualifying Shareholders are entitled to attend and vote at the EGM.

DEFINITIONS

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

“acting in concert”	shall have the meaning ascribed thereto under the Takeovers Code
“associate(s)”	shall have the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day(s) (excluding Saturday and Sunday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Chairman”	chairman of the Board
“Circular”	the circular to be despatched by the Company to the Shareholders relating to, among other things, the Rights Issue, the Placing Agreement, the Underwriting Agreement and the Whitewash Waiver
“Companies Act”	the Companies Act (as amended) of the Cayman Islands
“Company”	Endurance RP Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange and are also traded on the Open Market (Freiverkehr) of the Frankfurt Stock Exchange

“Compensatory Arrangements”	the arrangement involving the placing of the Unsubscribed Rights Shares, if any, by the Placing Agent on a best effort basis pursuant to the Placing Agreement in accordance with Rule 7.21(1)(b) of the Listing Rules
“connected person(s)”	shall have the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve, among other things, the rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder, and the Whitewash Waiver
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s)
“Existing Share(s)”	the 2,400,347,881 existing ordinary Shares in issue at the date of this announcement
“Galloway” or “Underwriter”	Galloway Limited, a private limited liability company incorporated in the British Virgin Islands and indirectly and beneficially wholly owned by Mr Mellon
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Indigo”	Indigo Securities Limited, a private limited liability company incorporated in the British Virgin Islands and indirectly and beneficially wholly owned by Mr Mellon

“Independent Board Committee”	the independent board committee of the Company comprising all independent non-executive Directors, which will be established to advise the Independent Shareholders on the Rights Issue, the Set Off, the Underwriting Agreement, the Placing Agreement and the Whitewash Waiver
“Independent Financial Adviser”	Maxa Capital Limited, a licensed corporation permitted to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser appointed by the Company with the approval of the Independent Board Committee, for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue, the Placing Agreement, the Underwriting Agreement and the Whitewash Waiver
“Independent Shareholder(s)”	<p>in respect of the Rights Issue, Shareholders other than (i) the Underwriter and parties acting in concert with it; (ii) all Directors (excluding the independent non-executive Directors) and their respective associates (as defined under the Listing Rules); (iii) those who are involved in or interested in the Rights Issue, the Set Off, the Underwriting Agreement, the Placing Agreement and the Whitewash Waiver (as the case may be); and (iv) those who are required under the Listing Rules and/or the Takeovers Code (as the case may be) to abstain from voting at the EGM;</p> <p>in respect of the Set Off, the Underwriting Agreement, the Placing Agreement and the Whitewash Waiver, Shareholders other than (i) the Underwriter and parties acting in concert with it; (ii) those who are involved in or interested in the Set Off, the Underwriting Agreement, the Placing Agreement, the Whitewash Waiver and the Rights Issue (as the case may be); (iii) those who have a material interest in the Set Off, the Underwriting Agreement, the Placing Agreement, the Whitewash Waiver and the Rights Issue; and (iv) those who are required under the Listing Rules and/or the Takeovers Code (as the case may be) to abstain from voting at the EGM</p>

“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and any of its connected persons
“Irrevocable Undertakings”	the irrevocable undertakings given by Mr Mellon in favour of the Company under the Underwriting Agreement and described in the paragraph headed “The Irrevocable Undertakings” under the section headed “Proposed Rights Issue” in this announcement
“Latest Placing Time”	4:00 p.m. on Monday, 19 December 2022, or such later date and time as the Company may announce, being the latest date and time for the Placing Agent to effect the Compensatory Arrangements
“Last Trading Day”	26 September 2022, being the last full trading day of the Shares on the Stock Exchange immediately prior to the publication of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Tuesday, 13 December 2022, or such other time or date as may be agreed in writing between the Company and the Underwriter, being the latest time for acceptance of and payment for the Rights Shares
“Latest Time for Termination”	4:00 p.m. on Tuesday, 20 December 2022, or such other time or date as may be agreed between the Company and the Underwriter in writing, being the latest time to terminate the Underwriting Agreement
“Listing Committee”	has the same meaning ascribed thereto under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macao Special Administrative Region of the PRC
“Mr Mellon”	Mr James Mellon, a substantial shareholder of the Company who is also a non-executive Director and Chairman of the Board

“No Action Shareholders”	those Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or their renounces, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed, or Non-Qualifying Shareholders (as the case may be)
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) to whom the Directors, after making enquiries, consider it necessary or expedient not to offer the Rights Shares to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“NQS Rights Shares”	the Rights Share(s) which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form
“Overseas Shareholder(s)”	Shareholder(s) whose address(es) on the register of members of the Company on the Record Date is(are) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders for the Rights Issue
“Placee(s)”	professional, institutional or other investor(s), who and whose ultimate beneficial owner(s) shall not be a Shareholder and shall be Independent Third Party(ies) and not acting in concert with the Underwriter and parties acting in concert with it and/or the connected persons of the Company, procured by the Placing Agent and/or its sub-placing agent(s) to subscribe for any of the Unsubscribed Rights Shares pursuant to the Placing Agreement
“Placing”	the placing of a maximum of 1,962,048,552 Unsubscribed Rights Shares on a best effort basis by the Placing Agent and/or its sub-placing agents(s) to the Placees on the terms and conditions of the Placing Agreement

“Placing Agent”	Eddid Securities and Futures Limited, a corporation licensed to carry on business in Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 3 (leveraged foreign exchange trading), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 9 (asset management) regulated activities under the SFO, being the placing agent appointed by the Company pursuant to the Placing Agreement
“Placing Agreement”	the placing agreement dated 26 September 2022 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Period”	the period from Friday, 16 December 2022 up to 4:00 p.m. on Monday, 19 December 2022, or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Compensatory Arrangements
“PRC”, or “China”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau and Taiwan
“Prospectus”	the prospectus to be despatched to the Qualifying Shareholders (and the Non-Qualifying Shareholder(s) for information only) in connection with the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL
“Prospectus Posting Date”	Tuesday, 29 November 2022, or such other date as may be agreed in writing between the Company and the Underwriter, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus to the Non-Qualifying Shareholders (as the case may be)

“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear(s) on the register of members of the Company on the Record Date
“Record Date”	Monday, 28 November 2022, or such other date as may be agreed in writing between the Company and the Underwriter, being the record date for determining the entitlements of the Shareholders to participate in the Rights Issue
“Registrar”	Tricor Tengis Limited, the Company’s branch share registrar and transfer office in Hong Kong, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Rights Issue”	the proposed issue of new Shares by way of rights on the basis of one (1) Rights Share for every one (1) Existing Share held at the close of business on the Record Date at the Subscription Price pursuant to the Prospectus Documents
“Rights Share(s)”	the new Share(s) to be allotted and issued under the Rights Issue
“Scheme Mandate Limit”	the maximum number of Shares which may be allotted and issued upon exercise of all options to be granted by the Board under the Share Option Scheme and any other share option scheme(s) of the Company to subscribe up to 10% of the Shares in issue as at the date of adoption of the Share Option Scheme and thereafter, if refreshed, the total number of Shares which may be allotted and issued upon exercise of all options to be granted shall not exceed 10% of the Shares in issue as at the date of approval by the Shareholders of the refreshed limit

“Set Off”	the set off of the total amount of subscription monies payable by Galloway as the Underwriter, Mr Mellon and Indigo for the Rights Shares to which they are entitled to and/or are required to subscribe for (if any) under the Rights Issue and the Underwriting Agreement respectively, against the equivalent amount of the Shareholder’s Loans and accrued interest thereon on a dollar-to-dollar basis on the completion date of the Rights Issue
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s), with voting rights, of US\$0.01 each in the capital of the Company, which are listed on the Stock Exchange and are also traded on the Open Market (Freiverkehr) of the Frankfurt Stock Exchange
“Shareholder(s)”	holder(s) of the Shares
“Shareholder’s Loans”	the outstanding shareholder’s loans in the aggregate principal amount of approximately US\$13.40 million (or approximately HK\$105.19 million), advanced by Galloway comprising interest-free and unsecured loan amounting to approximately US\$0.73 million (or approximately HK\$5.73 million) and repayable on 6 September 2022 and a series of unsecured loans amounting to approximately US\$12.67 million (or approximately HK\$99.46 million) bearing interest rates ranging from 5 to 5.5% per annum and repayable from 8 October 2022 to 20 December 2023
“Share Option(s)”	share option(s) granted under the share option scheme of the Company named the “Share Option Scheme (2016)” adopted on 10 June 2016 after Shareholders’ approval
“Share Option Scheme”	the share option scheme adopted by the Company on 10 June 2016
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscription Price”	the subscription price of HK\$0.0785 per Rights Share
“substantial shareholder(s)”	has the meaning as ascribed thereto under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriting Agreement”	the underwriting agreement dated 26 September 2022 entered into between the Company, Galloway as the Underwriter, Mr Mellon and Indigo in relation to the Rights Issue
“Unsubscribed Rights Shares”	those Rights Shares that are not subscribed by the Qualifying Shareholders and the NQS Rights Shares that are not successfully sold by the Company as described in the paragraph headed “Arrangements for the NQS Rights Shares” in this announcement
“Underwritten Rights Shares”	Up to 1,569,711,046 Rights Shares, being the maximum number of Rights Shares to be partially underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement
“Whitewash Waiver”	a waiver to be granted by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code to waive the obligation of the Underwriter to make a mandatory general offer to the Shareholders in respect of the Shares not already owned or agreed to be acquired by the Underwriter and parties acting in concert with it as a result of the taking up of the Rights Shares by the Underwriter pursuant to the Underwriting Agreement
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“US\$”	US dollars, the lawful currency in the United States
“%”	per cent.

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among other things, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-section headed “Termination of the Underwriting Agreement” under the section headed “The Underwriting Agreement” in this announcement). Accordingly, the Rights Issue may or may not proceed.

The Rights Issue is only partially underwritten. Pursuant to the Company’s constitutional documents and the Companies Act, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfilment of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level.

In the event the Rights Issue is undersubscribed, any Rights Shares not taken up by the Qualifying Shareholders or transferees of nil-paid Rights Shares or otherwise subscribed by the Underwriter or other subscribers procured by it pursuant to the Underwriting Agreement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

The Shares are expected to be dealt in on an ex-rights basis from Tuesday, 15 November 2022. Dealings in the Rights Shares in nil-paid form are expected to take place from Thursday, 1 December 2022 to Thursday, 8 December 2022. Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

Any party 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 (and the date on which the Underwriter’s 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.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares and the nil-paid Right Shares.

Note: Unless otherwise specified herein, the amounts dominated into US\$ have been translated, for the purpose of illustration only, into HK\$ using the exchange rate of US\$1.00 = HK\$7.85.

By Order of the Board
Endurance RP Limited
Jamie Gibson
Executive Director

Hong Kong, 26 September 2022

As at the date of this announcement, the Board comprises six Directors:

Executive Director:

Jamie Gibson (*Chief Executive Officer*)

Non-Executive Directors:

James Mellon (*Chairman*)

Jayne Sutcliffe

Independent Non-Executive Directors:

David Comba

Julie Oates

Mark Searle

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

* *For identification purposes only*