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Fullshare Holdings Limited

豐盛控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00607)

- (1) PROPOSED SHARE CONSOLIDATION;
(2) PROPOSED CHANGE IN BOARD LOT SIZE;
(3) PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL; AND
(4) SUBSCRIPTION OF NEW SHARES UNDER THE SPECIFIC MANDATE**

Financial Adviser



BAOQIAO PARTNERS CAPITAL LIMITED

PROPOSED SHARE CONSOLIDATION

The Board intends to put forward a proposal to the Shareholders to effect the Share Consolidation which involves the consolidation of every fifty (50) Existing Shares into one (1) Consolidated Share. As at the date of this announcement, 31,838,196,731 Existing Shares had been allotted and issued as fully paid or credited as fully paid. Upon the Share Consolidation becoming effective and on the basis that no further Existing Shares will be allotted, issued or repurchased prior thereto, 636,763,934 Consolidated Shares will be in issue, which are fully paid or credited as fully paid.

PROPOSED CHANGE IN BOARD LOT SIZE

The Board also proposes to change the board lot size for trading on the Stock Exchange from 2,500 Existing Shares to 4,000 Consolidated Shares conditional upon the Share Consolidation becoming effective.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The Board proposes to increase the authorised share capital of the Company from HK\$400,000,000 divided into 40,000,000,000 Existing Shares (or 800,000,000 Consolidated Shares) to HK\$800,000,000 divided into 80,000,000,000 Existing Shares (or 1,600,000,000 Consolidated Shares) by the creation of an additional 40,000,000,000 unissued Shares (or 800,000,000 new Consolidated Shares).

SUBSCRIPTION OF NEW SHARES UNDER THE SPECIFIC MANDATE

The Board is pleased to announce that on 1 November 2023 (after trading hours), the Company and each of the SM Subscriber I, SM Subscriber II and SM Subscriber III entered into the SM Subscription Agreement I, SM Subscription Agreement II and SM Subscription Agreement III respectively, pursuant to which each of the SM Subscriber I, SM Subscriber II and SM Subscriber III conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue 80,000,000 SM Subscription Shares I, 80,000,000 SM Subscription Shares II and 40,000,000 SM Subscription Shares III or a total of 200,000,000 SM Subscription Shares at the SM Subscription Price of HK\$0.70 per SM Subscription Share.

Upon Completion, the Company shall issue a total of 200,000,000 SM Subscription Shares to the SM Subscribers at the SM Subscription Price of HK\$0.70 per SM Subscription Share. Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the SM Subscriptions in full, the 200,000,000 SM Subscription Shares represent (i) approximately 31.41% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 23.90% of the then issued share capital of the Company as enlarged by the allotment and issue of the SM Subscription Shares.

The aggregate nominal value of all the SM Subscription Shares is HK\$100,000,000, and the market value of all the SM Subscription Shares is HK\$130,000,000, based on the theoretical closing price (after taking into account the effect of the Share Consolidation) of HK\$0.65 per Share as quoted on the Stock Exchange on the date of the SM Subscription Agreements.

The SM Subscription Shares will be allotted and issued pursuant to the Specific Mandate to be obtained at the EGM.

GENERAL

The EGM will be held for the purpose of considering and, if thought fit, approving, among other things, the Share Consolidation, the Increase in Authorised Share Capital, the SM Subscriptions and the transactions contemplated thereunder (including the Specific Mandate).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholders has any material interest in the Share Consolidation, the Increase in Authorised Share Capital and the SM Subscriptions and therefore, no Shareholder will be required to abstain from voting on the relevant resolution(s) to approve the Share Consolidation, the Increase in Authorised Share Capital, the SM Subscriptions and the transactions contemplated thereunder (including the Specific Mandate) at the EGM.

The Company will despatch the circular containing, among others, further details of (i) the Share Consolidation and the Change in Board Lot Size, (ii) the Increase in Authorised Share Capital; and (iii) the SM Subscriptions and the Specific Mandate and the notice of EGM as soon as possible in compliance with the Listing Rules.

RISKS OF DEALING IN SHARES

The Share Consolidation, the Increase in Authorised Share Capital and the SM Subscriptions are conditional upon satisfaction of their respective conditions set out in this announcement. Accordingly, the Share Consolidation, the Increase in Authorised Share Capital and the SM Subscriptions may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

PROPOSED SHARE CONSOLIDATION

The Board intends to put forward a proposal to the Shareholders to effect the Share Consolidation which involves the consolidation of every fifty (50) Existing Shares into one (1) Consolidated Share. The Share Consolidation is conditional upon, among other things, the approval of the Shareholders by way of an ordinary resolution at the EGM. As none of the Shareholders or their associates would have any interest in the Share Consolidation, no Shareholder would be required to abstain from voting in favour of the resolution(s) relating to the Share Consolidation at the EGM.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the following:

- i. the passing of the ordinary resolution(s) by the Shareholders to approve the Share Consolidation at the EGM;
- ii. the compliance with all relevant procedures and requirements under the laws of the Cayman Islands and Hong Kong (where applicable) and the Listing Rules to effect the Share Consolidation; and
- iii. the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares arising from the Share Consolidation.

Effects of the Share Consolidation

As at the date of this announcement, 31,838,196,731 Existing Shares had been allotted and issued as fully paid or credited as fully paid.

As at the date of this announcement, save as disclosed under the section headed “Adjustments in relation to the other securities of the Company” below, the Company has no outstanding convertible securities, options or warrants, which confer any right to subscribe for or convert into or exchange into Shares.

Upon the Share Consolidation becoming effective and on the basis that no further Existing Shares will be allotted, issued or repurchased prior thereto, 636,763,934 Consolidated Shares will be in issue, which are fully paid or credited as fully paid.

Upon the Share Consolidation becoming effective, the Consolidated Shares will rank *pari passu* in all respects with each other in accordance with the Company's articles of association. No fractional Consolidated Shares will be issued by the Company.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Group or the interests or rights of the Shareholders, save for any fractional Consolidated Shares to which the Shareholders may be entitled.

Fractional entitlement to the Consolidated Shares

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

Odd lots arrangements and matching services

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

Holders of odd lots of the Consolidated Shares should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares are not warranted. Any Shareholder who is in any doubt about the odd lots arrangements is recommended to consult his/her/its own professional advisers.

Exchange of share certificates

Subject to the Share Consolidation having become effective, Shareholders may, from Monday, 4 December 2023 to Friday, 12 January 2024 (both days inclusive, submit the existing share certificates for the Existing Shares to the branch share registrar and transfer office in Hong Kong, Tricor Standard Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong, in exchange, at the expense of the Company, for new share certificates for the Consolidated Shares. Thereafter, certificates for Existing Shares will continue to be good evidence of legal title and may be exchanged for certificates for Consolidated Shares at the expense of the Shareholders on payment of a fee of HK\$2.50 (or such higher amount as may be allowed by the Stock Exchange from time to time) for each share certificate for Existing Shares cancelled or each share certificate issued for Consolidated Shares (whichever is higher) but are not acceptable for trading, settlement and registration upon the Share Consolidation becoming effective.

The new share certificates for the Consolidated Shares will be issued in yellow colour in order to distinguish them from the existing pale blue colour.

Listing and Dealings

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 Consolidated Shares to be issued upon the Share Consolidation becoming effective.

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

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

ADJUSTMENTS IN RELATION TO THE OTHER SECURITIES OF THE COMPANY

As at the date of this announcement, there are 7,986,101 outstanding share options (the “**Share Options**”) granted under the share option scheme of the Company adopted on 17 August 2018 (the “**Share Option Scheme**”). The Share Consolidation may lead to adjustments to the exercise prices of the Share Options and/or the number of Consolidated Shares to be issued under the outstanding Share Options pursuant to the terms and conditions of the Share Option Scheme. The Company will make further announcement(s) on such adjustments as and when appropriate.

Save as disclosed above, as at the date of this announcement, the Company has no other outstanding options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into, any Existing Shares or Consolidated Shares, as the case may be.

PROPOSED CHANGE IN BOARD LOT SIZE

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lot size of 2,500 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 2,500 Existing Shares to 4,000 Consolidated Shares conditional upon the Share Consolidation becoming effective.

Based on the closing price of HK\$0.013 per Existing Share (equivalent to the theoretical closing price of HK\$0.65 per Consolidated Share) as at the date of this announcement, (i) the value of each existing board lot of Existing Shares is HK\$32.50; (ii) the value of each board lot of 2,500 Consolidated Shares would be HK\$1,625 assuming the Share Consolidation has become effective; and (iii) the estimated value per board lot of 4,000 Consolidated Shares would be HK\$2,600 assuming that the Change in Board Lot Size have become effective.

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

REASONS FOR THE SHARE CONSOLIDATION AND CHANGE IN BOARD LOT SIZE

Under Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities.

Pursuant to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 1 October 2020 (the “**Guideline**”), the expected board lot value should be greater than HK\$2,000 per board lot taking into account the minimum transaction costs for a securities trade. As at the date of this announcement, the closing price of each Existing Share is HK\$0.013, with a board lot size of 2,500 Existing Shares, the Company is trading under HK\$2,000 per board lot.

The Existing Shares has been constantly traded below HK\$0.5 for the past three years. In order to reduce transaction and registration costs incurred by the Shareholders and investors of the Company, the Board proposes to implement the Share Consolidation. In addition, in view of the current trading price of the Company, in particular the lowest closing price of the Existing Shares during the last 3 month period was HK\$0.013 as at the date of this announcement, it is expected that the Share Consolidation, together with the Change in Board Lot Size, will increase the value of each board lot of the Consolidated Shares to more than HK\$2,000.

Therefore, the Board believes the Share Consolidation and the Change in Board Lot Size are in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, save as disclosed under section headed “Subscription of New Shares under Specific mandate” below the Company currently (i) does not have any agreement, arrangement, understanding, intention, or negotiation (either concluded or in process) on any potential fundraising activities which will involve issue of equity securities of the Company; and (ii) has no other plan or intention to carry out any future corporate actions in the next twelve months which may have an effect of undermining or negating the intended purpose of the Share Consolidation. However, in the event there is any change to the business environment and/or financial position of the Company due to unforeseeable circumstances, and the Company is required to conduct further fund raising exercises when suitable opportunities arise in order to support future development of the Group, the Company will publish further announcement(s) in compliance with the Listing Rules as and when appropriate.

EXPECTED TIMETABLE

The expected timetable for the Share Consolidation and the Change in Board Lot Size is set out below. The expected timetable is subject to the results of the EGM and is therefore for indicative purpose only. Any change to the expected timetable will be announced under a separate announcement by the Company as and when appropriate. All times and dates in this announcement refer to Hong Kong local times and dates.

Event(s)	Time and date
Latest time for lodging transfer of shares to qualify for attendance and voting at the EGM	4:30 p.m. on Friday, 24 November 2023
Closure of register of members (both days inclusive)	Monday, 27 November 2023– Thursday, 30 November 2023
Latest time for lodging proxy forms for the EGM.	3:00 p.m. on Tuesday, 28 November 2023
Expected time and date of the EGM to approve the proposed Share Consolidation and the Increase in Authorised Share Capital	3:00 p.m. on Thursday, 30 November 2023
Publication of the announcement of the poll results of the EGM	Thursday, 30 November 2023
Effective date of the Share Consolidation	Monday, 4 December 2023
First day of free exchange of existing share certificates for new share certificates in yellow colour for the Consolidated Shares	Monday, 4 December 2023
Commencement of dealings in the Consolidated Shares	9:00 a.m. on Monday, 4 December 2023
Original counter for trading in the Existing Shares in board lots of 2,500 Shares (in the form of existing share certificates in pale blue colour) temporarily closes	9:00 a.m. on Monday, 4 December 2023
Temporary counter for trading in board lots of 50 Consolidated Shares (in the form of existing share certificates in pale blue colour) opens	9:00 a.m. on Monday, 4 December 2023

Event(s)	Time and date
Original counter for trading in the Consolidated Shares in board lots of 4,000 Consolidated Shares (in the form of new share certificates in yellow colour) re-opens.	9:00 a.m. on Monday, 18 December 2023
Parallel trading in the Consolidated Shares (in the form of both existing share certificates in pale blue colour and new certificates in yellow colour) commences	9:00 a.m. on Monday, 18 December 2023
Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares	9:00 a.m. on Monday, 18 December 2023
Designated broker ceases to provide matching services for odd lots of the Consolidated Shares	4:00 p.m. on Wednesday, 10 January 2024
Temporary counter for trading in board lots of 50 Consolidated Shares (in the form of existing share certificates in pale blue colour) closes.	4:10 p.m. on Wednesday, 10 January 2024
Parallel trading in Consolidated Shares (in the form of both existing share certificates in pale blue colour and new certificates in yellow colour) ends.	4:10 p.m. on Wednesday, 10 January 2024
Last day for free exchange of existing share certificates for new certificates for the Consolidated Shares	Friday, 12 January 2024

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

The Board proposes to increase the authorised share capital of the Company from HK\$400,000,000 divided into 40,000,000,000 Existing Shares (or 800,000,000 Consolidated Shares) to HK\$800,000,000 divided into 80,000,000,000 Existing Shares (or 1,600,000,000 Consolidated Shares) by the creation of an additional 40,000,000,000 unissued Shares (or 800,000,000 new Consolidated Shares). The Increase in Authorised Share Capital is subject to the approval of the Shareholders by the passing of an ordinary resolution at the EGM, and the Increase in Authorised Share Capital will become effective on the date of the EGM upon the passing of the relevant ordinary resolution.

In order to accommodate growth of the Group and to provide the Company with greater flexibility to implement the SM Subscriptions, the Board proposes the Increase in Authorised Share Capital. The Board believes the Increase in Authorised Share Capital is in the interests of the Company and the Shareholders as a whole.

The proposed Increase in Authorised Share Capital is subject to the approval of the Shareholders by way of an ordinary resolution at the EGM.

SUBSCRIPTION OF NEW SHARES UNDER SPECIFIC MANDATE

The SM Subscriptions

The Board is pleased to announce that, on 1 November 2023 (after trading hours), the Company and each of the SM Subscriber I, SM Subscriber II and SM Subscriber III entered into the SM Subscription Agreement I, SM Subscription Agreement II and SM Subscription Agreement III respectively, pursuant to which each of the SM Subscriber I, SM Subscriber II and SM Subscriber III conditionally agreed to subscribe for, and the Company conditionally agreed to allot and issue 80,000,000 SM Subscription Shares I, 80,000,000 SM Subscription Shares II and 40,000,000 SM Subscription Shares III or a total of 200,000,000 SM Subscription Shares at the SM Subscription Price of HK\$0.70 per SM Subscription Share.

The SM Subscription Agreements

SM Subscription Agreement I

The principal terms of the SM Subscription Agreement I are set out as follows:

Date : 1 November 2023

Parties : the Company as the issuer; and
the SM Subscriber I as one of subscribers

Pursuant to the terms of the SM Subscription Agreement I, SM Subscriber I will subscribe for a total of 80,000,000 SM Subscription Shares I at the Subscription Price.

The consideration of HK\$56,000,000 payable by SM Subscriber I under the SM Subscription Agreement I will be paid in cash on or before Completion.

SM Subscription Agreement II

The principal terms of the SM Subscription Agreement II are set out as follows:

Date : 1 November 2023

Parties : the Company as the issuer; and
the SM Subscriber II as one of subscribers

Pursuant to the terms of the SM Subscription Agreement II, SM Subscriber II will subscribe for a total of 80,000,000 SM Subscription Shares II at the Subscription Price.

The consideration of HK\$56,000,000 payable by SM Subscriber II under the SM Subscription Agreement II will be paid in cash on or before Completion.

SM Subscription Agreement III

The principal terms of the SM Subscription Agreement III are set out as follows:

Date : 1 November 2023

Parties : the Company as the issuer; and

the SM Subscriber III as one of subscribers

Pursuant to the terms of the SM Subscription Agreement III, SM Subscriber III will subscribe for a total of 40,000,000 SM Subscription Shares III at the Subscription Price.

The consideration of HK\$28,000,000 payable by SM Subscriber III under the SM Subscription Agreement III will be paid in cash on or before Completion.

The SM Subscription Shares

Upon Completion, the Company shall issue a total of 200,000,000 SM Subscription Shares to the SM Subscribers at the SM Subscription Price of HK\$0.70 per SM Subscription Share. Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the SM Subscriptions in full, the 200,000,000 SM Subscription Shares represent (i) approximately 31.41% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 23.90% of the then issued share capital of the Company as enlarged by the allotment and issue of the SM Subscription Shares.

The aggregate nominal value of all the SM Subscription Shares is HK\$100,000,000, and the market value of all the SM Subscription Shares is HK\$130,000,000, based on the theoretical closing price (after taking into account the effect of the Share Consolidation) of HK\$0.65 per Share as quoted on the Stock Exchange on the date of the SM Subscription Agreements.

The SM Subscription Price

The SM Subscription Price represents:

- (1) a premium of approximately 7.69% to the theoretical closing price (after taking into account the effect of the Share Consolidation) of HK\$0.65 per Consolidated Share as quoted on the Stock Exchange on 1 November 2023, being the date of the SM Subscription Agreements; and
- (2) a discount of approximately 5.41% to the average theoretical closing prices (after taking into account the effect of the Share Consolidation) of HK\$0.74 per Consolidated Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the SM Subscription Agreements.

The SM Subscription Price was arrived at after arm's length negotiations between the Company and each of the SM Subscribers with reference to the market condition and the prevailing market price of the Shares. The Directors consider that the SM Subscription Price is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

The net SM Subscription Price, after deduction of relevant expenses expected to be incurred in the SM Subscriptions, will be approximately HK\$0.6982 per SM Subscription Share.

Conditions Precedent to the respective SM Subscription Agreements

Completion of each of the SM Subscription Agreements is conditional upon fulfilment of the following Conditions Precedent:

- (1) the Shareholders having passed ordinary resolution(s) to approve (i) the Share Consolidation; (ii) the Increase in Authorised Share Capital; and (iii) the SM Subscription Agreements and the transactions contemplated thereunder (including the Specific Mandate for the issue and allotment of the SM Subscription Shares) at the EGM;
- (2) the Share Consolidation having become effective;
- (3) the Increase in Authorised Share Capital having become effective;
- (4) Listing of and permission to deal (with or without conditions) in the SM Subscription Shares to the respective SM Subscribers being granted by the Listing Committee (and such permission and listing not subsequently being revoked prior to the delivery of definitive share certificate(s) representing the SM Subscription Shares);
- (5) the Shares remaining listed and traded on the Stock Exchange, and no queries or opposition being received or anticipated to be received from the Stock Exchange on the listing status of the Company;

- (6) the parties to each of the SM Subscription Agreements having obtained all necessary consents, approvals and permission (if applicable) from the relevant organization's regulatory bodies, government authorities (including the Stock Exchange and the Securities and Futures Commission (if applicable)) as may be required to be obtained in respect of the SM Subscriptions and the transactions contemplated under the respective SM Subscription Agreements;
- (7) the warranties given by the Company under the respective SM Subscription Agreements remaining true, accurate, complete and correct in all material respects and not misleading in any respect up to and including its completion; and
- (8) the warranties given by the respective SM Subscribers under the respective SM Subscription Agreements remaining true, accurate, complete and correct in all material respects and not misleading in any respect up to and including its completion.

For each of the SM Subscription Agreements, save and except for condition precedent (7) which can be waived by the respective SM Subscribers and condition precedent (8) which can be waived by the Company, no other Conditions Precedent can be waived. If the Conditions Precedent is not fulfilled (or waived, if applicable) on or prior to 31 December 2023 or such later date as may be agreed between the Company and the respective SM Subscribers, then the SM Subscriptions shall terminate and none of the parties to the respective SM Subscription Agreements shall have any claim against the other for costs, damages, compensation or otherwise save for any antecedent breaches.

Completion of the SM Subscription Agreements will take place on the 5th Business Day immediately after the date upon which the last of the condition's precedent has been satisfied or waived (or such other date to be agreed by the parties to the SM Subscription Agreements).

Each of the SM Subscription Agreements is not inter-conditional upon each other. If any SM Subscription Agreement does not complete for any reason, the other SM Subscription Agreements may still proceed to completion.

Lock up undertaking

Pursuant to the SM Subscription Agreements, each of the SM Subscribers undertakes, among other things, that it will not, at any time during the period of six months following the Completion, dispose of any of the SM Subscription Shares without the prior written consent of the Company.

Ranking of SM Subscription Shares

The SM Subscription Shares, when fully paid and allotted and issued, shall be duly authorized and shall rank *pari passu* in all respects with all other existing Shares outstanding on its completion and be entitled to all dividends and distributions the record date for which falls on a date on or after the date of the issue.

Specific Mandate to issue the SM Subscription Shares

The SM Subscription Shares will be allotted and issued pursuant to the Specific Mandate to be obtained at the EGM.

Application for listing

An application will be made to the Listing Committee for the granting of the approval for the listing of, and permission to deal in, the SM Subscription Shares.

INFORMATION OF THE SM SUBSCRIBERS

SM Subscriber I

Sumin Hongkong Limited is company incorporated in Hong Kong with limited liability (“**Sumin HK**”). Sumin HK is directly wholly owned by Jiangsu Non-state-owned Investment Holding Co., Ltd.* (江蘇民營投資控股有限公司) (“**Jiangsu Investment**”), a company incorporated under the laws of the PRC, which is principally engaged in the business of equity and debt investments.

Jiangsu Investment has a diverse shareholder base with 17 equity owners and is owned as to approximately 28.7% by Wuxi Sumin Lihua Enterprise Management Co., Ltd.* (無錫蘇民利華企業管理有限公司) (“**Sumin Lihua**”) and as to approximately 16% by Wuxi Sumin Yuehe Enterprise Management Co., Ltd.* (無錫蘇民悅合企業管理有限公司) (“**Sumin Yuehe**”), being the two largest shareholders of Jiangsu Investment, and both Sumin Lihua and Sumin Yuehe are wholly-owned by Jiangsu Investment. The other shareholders include Nanjing Fullshare Dazhu Technology Co., Ltd.* (南京豐盛大族科技股份有限公司) and Nanjing Green Goblin Business Management Co., Ltd.* (南京綠魔商業管理有限公司), both are wholly owned subsidiaries of the Company and in aggregate owned 4% of equity interest in Jiangsu Investment.

To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, save as disclosed above, Sumin HK, Jiangsu Investment and their respective ultimate beneficial owners are Independent Third Parties.

SM Subscriber II

Professor Cai Baochang (蔡寶昌) (“**Professor Cai**”) is an individual investor. Professor Cai has extensive experience in the area of traditional Chinese medicine and was the former vice president of Nanjing University of Chinese Medicine (南京中醫藥大學). Professor Cai currently serves as the chairman of Nanjing Haichang Traditional Chinese Medicine Group* (南京海昌中藥集團), a high-tech enterprise established in June 2008 in the Nanjing National High-Tech Industrial Development Zone* (南京國家級高新技術產業開發區) in cooperation with Nanjing University of Chinese Medicine (南京中醫藥大學) and Nanjing High-tech Economic Development Corporation* (南京高新技術經濟開發總公司).

To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, the SM Subscriber II is an Independent Third Party.

SM Subscriber III

Mr. Feng Junhuo (馮軍夥) (“**Mr. Feng**”) is an individual investor. He is the controlling shareholder of Nanjing Xingran Technology Co., Ltd.* (南京星燃科技有限公司), a company principally engaged in the housing and municipal infrastructure project construction and engineering. As at the date of this announcement, Mr. Feng is interested in 408,615,000 Shares, representing approximately 1.28% of the issued share capital of the Company. It is expected that Mr. Feng will not become a substantial shareholder of the Company immediately upon the Completion.

To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, the SM Subscriber III is an Independent Third Party.

As at the date of this announcement, save as disclosed above, each of the SM Subscribers does not have any interest in the Shares within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

INFORMATION OF THE GROUP

The Group is principally engaged in (a) property development and investment, (b) tourism, (c) investment and financial services, (d) provision of healthcare and education products and services and (e) new energy business.

REASONS FOR THE SM SUBSCRIPTIONS AND USE OF PROCEEDS

Based on the latest interim reports of the Group and the CHS Group for the six months ended 30 June 2023, the Group (excluding CHS Group) has interest bearing loans from financial institutions in an aggregate principal amount of approximately RMB1,347 million due to be paid within one year. Taking into account the cash position of the Group (excluding CHS Group) of approximately RMB106 million as at 30 June 2023, the Directors consider that the SM Subscriptions represent a good opportunity to raise additional capital for the Company so as to strengthen the Group’s financial position and accommodate the liquidity needs of Group while broadening the Shareholder base of the Company. Accordingly, the Directors (including the independent non-executive Directors) consider the terms of the SM Subscription Agreements (including the SM Subscription Price) are on normal commercial terms, fair and reasonable and the SM Subscriptions are in the interest of the Company and the Shareholders as a whole.

The gross proceeds raised from the SM Subscriptions will be HK\$140 million, and the net proceeds, after deduction of all relevant expenses, will be approximately HK\$139.63 million, which are intended to be fully used for the repayment of Group’s loan and amounts payable.

ALTERNATIVE MEANS OF FINANCING

The Directors had considered other fund raising alternatives available to the Group such as debt financing, placing of new shares, rights issues and open offer. The Board considers that debt financing will result in additional interest burden and given the short term debt position of the Group as discussed above, and based on the current financial market conditions in Hong Kong and the PRC, it might be uncertain and time consuming to rely on debt financings.

Accordingly, the Directors considers that it is prudent to finance the funding needs of the Group in the form of equity which will not increase the Group's finance costs and gearing level. However, if the Company is to raise funds by way of placing, placing agent commissions and additional costs will need to be incurred. A rights issue or open offer would also cause the Company to incur more transaction costs, including but not limited to additional costs for the preparation of the listing documents, and such corporate exercises would be relatively more time consuming (at least an additional 30 days to complete the fundraising exercise) which may result in the Company being subject to the adverse effects of the current volatile market, thereby increasing uncertainty in being able to raise funds in time (which would depend on market conditions and acceptance level of the Shareholders) and may affect the overall business plan of the Group.

In view of the above, the Directors considered that the SM Subscriptions to be a more preferable financing option for the Group.

The Directors noted that the shareholding interests of the public Shareholders would be diluted by approximately 17 percentage point immediately following Completion. Having considered that (i) the SM Subscriptions are an appropriate means of fundraising for the Company and the reasons for and benefits of the SM Subscriptions as set out above; and (ii) the terms of the SM Subscription Agreements are fair and reasonable; the Directors are of the view that the said level of dilution to the shareholding interests of the public Shareholders is acceptable.

The Board considers the SM Subscription Agreements to be on normal commercial terms and the SM Subscriptions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITY IN THE PAST TWELVE MONTHS

The Company has conducted the following equity fund raising activity in the past twelve months immediately preceding the date of this announcement:

Date of announcement	Fund raising activity	Net proceeds raised (Approximately) <i>HK\$ million</i>	Intended use of the net proceeds	Actual use of the proceeds
28 July 2023	Subscription of an aggregate of 5,306,000,000 Existing Shares by three independent subscribers under general mandate granted to Directors at the last annual general meeting of the Company held on 30 June 2023 being completed on 19 October 2023	186.5	Repayment of Group's loans and payables	To be used as intended

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

The SM Subscriptions do not result in a theoretical dilution effect of 25% or more. As such, the theoretical dilution impact of the SM Subscriptions is in compliance with Rule 7.27B of the Listing Rules.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 31,838,196,731 Existing Shares in issue. On the assumption that (i) the SM Subscriptions are completed in full; and (ii) there will be no further changes in the issued share capital of the Company between the date of this announcement and the completion of the SM Subscription Agreements save for the SM Subscriptions, the shareholding structure of the Company (1) as at the date of this announcement, (2) immediately upon Share Consolidation becoming effective; and (3) immediately after completion of the SM Subscriptions, are set out below for illustration purposes only:

Shareholders	Shareholding as at the date of this announcement		Shareholding immediately upon the Share Consolidation becoming effective		Shareholding immediately after completion of the SM Subscriptions	
	<i>Number of Existing Shares</i>	<i>Approximate %</i>	<i>Number of Consolidated Shares</i>	<i>Approximate %</i>	<i>Number of Consolidated Shares</i>	<i>Approximate %</i>
Magnolia Wealth (<i>Note 1</i>)	7,624,782,954	23.95%	152,495,659	23.95%	152,495,659	18.23%
Mr. Ji	909,510,000	2.86%	18,190,200	2.86%	18,190,200	2.17%
SM Subscriber I	–	–	–	–	80,000,000	9.56%
SM Subscriber II	–	–	–	–	80,000,000	9.56%
SM Subscriber III	408,615,000	1.28%	8,172,300	1.28%	48,172,300	5.76%
Other public Shareholders	22,895,288,777	71.91%	457,905,775	71.91%	457,905,775	54.72%
Total	31,838,196,731	100%	636,763,934	100%	836,763,934	100%

Note:

- The entire issued share capital of Magnolia Wealth is beneficially owned by Mr. Ji.

GENERAL

None of the Directors has a material interest in the Share Consolidation, the Change in Board Lot Size, the Increase in Authorised Share Capital and the SM Subscriptions and hence no Director was required to abstain from voting on the Board resolutions approving the same.

The EGM will be held for the purpose of considering and, if thought fit, approving, among other things, the Share Consolidation, the Increase in Authorised Share Capital, the SM Subscriptions and the transactions contemplated thereunder (including the Specific Mandate).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholders has any material interest in the Share Consolidation, the Increase in Authorised Share Capital and the SM Subscriptions and therefore, no Shareholder will be required to abstain from voting on the relevant resolution(s) to approve the Share Consolidation, the Increase in Authorised Share Capital, the SM Subscriptions and the transactions contemplated thereunder (including the Specific Mandate) at the EGM.

The Company will despatch the circular containing, among others, further details of (i) the Share Consolidation and the Change in Board Lot Size; (ii) the Increase in Authorised Share Capital; and (iii) the SM Subscriptions and the Specific Mandate and the notice of EGM as soon as possible in compliance with the Listing Rules.

RISKS OF DEALING IN SHARES

The Share Consolidation, the Increase in Authorised Share Capital and the SM Subscriptions are conditional upon satisfaction of their respective conditions set out in this announcement. Accordingly, the Share Consolidation, the Increase in Authorised Share Capital and the SM Subscriptions may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Board”	the board of Directors
“Business Day(s)”	any day (excluding a Saturday, a Sunday or a public holiday) on which banks are generally open for business in Hong Kong
“CCASS”	Central Clearing and Settlement System, a securities settlement system used within the Hong Kong Exchanges and Clearing Limited market system
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 2,500 Existing Shares to 4,000 Consolidated Shares
“CHS Group”	China High Speed Transmission Equipment Group Co. Ltd. (Stock Code: 658), a company incorporated in the Cayman Islands with limited liability whose issued shares are listed on the Main Board of the Stock Exchange and its subsidiaries

“Company”	Fullshare Holdings Limited 豐盛控股有限公司 (Stock Code: 607), a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on the Main Board of the Stock Exchange
“Completion”	completion of the SM Subscriptions in accordance with the respective SM Subscription Agreements
“Conditions Precedent”	the conditions precedent for the Completion as set out in the respective SM Subscription Agreements
“Consolidated Share(s)”	ordinary share(s) of HK\$0.5 each in the share capital of the Company upon the Share Consolidation having become effective
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held for the purpose of approving, among other things, the Share Consolidation, the Increase in Authorised Share Capital, the SM Subscription Agreements and the transactions contemplated thereunder including the Specific Mandate
“Existing Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company prior to the Share Consolidation having become effective
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Increase in Authorised Share Capital”	the proposed increase in authorised share capital of the Company from HK\$400,000,000 divided into 40,000,000,000 Existing Shares (or 800,000,000 Consolidated Shares) to HK\$800,000,000 divided into 80,000,000,000 Existing Shares (or 1,600,000,000 Consolidated Shares)

“Independent Third Party(is)”	party(ies) who are third parties independent of the Company and its connected persons
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Magnolia Wealth”	Magnolia Wealth International Limited, a company incorporated in the British Virgin Islands, the entire issued share capital of which is beneficially owned by Mr. Ji
“Mr. Ji”	Mr. Ji Changqun, the chairman of the Board, chief executive officer and executive Director of the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
“Share(s)”	the Existing Share(s) and/or the Consolidated Share(s), as the case may be
“Shareholder(s)”	the holder(s) of the issued Share(s)
“Share Consolidation”	the consolidation of every fifty (50) issued Existing Shares into one (1) Consolidated Share
“SM Subscriber I”	Sumin Hongkong Limited, a company incorporated in Hong Kong with limited liability
“SM Subscriber II”	Professor Cai Baochang (蔡寶昌), a Chinese national
“SM Subscriber III”	Mr. Feng Junhuo (馮軍夥), a Chinese national
“SM Subscribers”	the subscribers subscribing for the SM Subscription Shares under the SM Subscriptions, that is, the SM Subscriber I, SM Subscriber II and SM Subscriber III
“SM Subscriptions”	the subscriptions for the SM Subscription Shares by the SM Subscribers pursuant to the terms and conditions of the SM Subscription Agreements
“SM Subscription Agreements”	collectively, the SM Subscription Agreement I, SM Subscription Agreement II and SM Subscription Agreement III

“SM Subscription Agreement I”	the subscription agreement dated 1 November 2023 entered into between the Company and the SM Subscriber I
“SM Subscription Agreement II”	the subscription agreement dated 1 November 2023 entered into between the Company and the SM Subscriber II
“SM Subscription Agreement III”	the subscription agreement dated 1 November 2023 entered into between the Company and the SM Subscriber III
“SM Subscription Price”	the subscription price of HK\$0.70 per SM Subscription Share for the SM Subscriptions
“SM Subscription Shares I”	80,000,000 new Consolidated Shares to be allotted and issued under the SM Subscription Agreement I at the Subscription Price
“SM Subscription Shares II”	80,000,000 new Consolidated Shares to be allotted and issued under the SM Subscription Agreement II at the Subscription Price
“SM Subscription Shares III”	40,000,000 new Consolidated Shares to be allotted and issued under the SM Subscription Agreement III at the Subscription Price
“SM Subscription Shares”	200,000,000 new Consolidated Shares to be allotted and issued under the SM Subscription Agreements at the SM Subscription Price, and each a “SM Subscription Share”
“Specific Mandate”	the specific mandate proposed to be granted to the Directors by the Shareholders at the EGM to issue the SM Subscription Shares to the SM Subscribers pursuant to the SM Subscription Agreements
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board
Fullshare Holdings Limited
Ji Changqun
Chairman

Hong Kong, 1 November 2023

As at the date of this announcement, the executive Directors are Mr. Ji Changqun, Ms. Du Wei, Mr. Shen Chen and Mr. Ge Jinzhu; and the independent non-executive Directors are Mr. Lau Chi Keung, Mr. Tsang Sai Chung and Mr. Huang Shun.

* *For identification purposes only*