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ANCHORSTONE

Anchorstone Holdings Limited

基石控股有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 1592)

PLACING OF BONDS

Placing Agent



利高證券
LEE GO SECURITIES

Financial adviser to the Company



Draco Capital Limited

PLACING OF BONDS

This announcement is made by the Company pursuant to the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO and Rule 13.09(2)(a) of the Listing Rules.

On 27 March 2020 (after trading hours), the Company as the issuer, and the Placing Agent as the placing agent entered into the Placing Agreement, pursuant to which the Placing Agent agreed to act as placing agent for the purpose of procuring the Placees, on a best effort basis, to subscribe for the Bonds in an aggregate principal amount of up to HK\$16,000,000 during the Placing Period.

Completion is subject to, among others, the fulfilment of the conditions set out in the Placing Agreement. Accordingly, the Placing may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

This announcement is made by the Company pursuant to the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO and Rule 13.09(2)(a) of the Listing Rules.

The Company is pleased to announce that on 27 March 2020 (after trading hours), the Company as the issuer, and the Placing Agents as the placing agent entered into the Placing Agreement, pursuant to which the Placing Agent agreed to act as placing agent for the purpose of procuring the Placees, on a best effort basis, to subscribe for the Bonds in an aggregate principal amount of up to HK\$16,000,000 during the Placing Period. Principal terms of the Placing Agreement are summarised below.

PLACING AGREEMENT

Date : 27 March 2020 (after trading hours)

Issuer : The Company

Placing Agent : The Placing Agent

The Placing Agent is a company incorporated in Hong Kong with limited liability and a licensed corporation under the SFO to carry on and conduct type 1 (dealing in securities) regulated activities as defined under the SFO.

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

Payment of fees, commissions and expenses : Pursuant to the terms of the Placing Agreement, the Placing Agent will receive:

(a) a placing commission of 2.5% of the aggregate principal amount of the Bonds actually placed by the Placing Agent, out of which the Placing Agent will meet its selling concession and sub-placing commission obligations (if any); and

(b) legal expenses, other out-of-pocket charges and expenses properly and reasonably incurred by the Placing Agent in relation to the Placing.

Placees : The Bonds will be placed to the Placees who will be independent professional, institutional and/or private investors (which may include the Placing Agent and its associates (as defined in the Listing Rules)), and who will be and whose ultimate beneficial owners are Independent Third Parties.

- Aggregate Principal Amount : Up to HK\$16 million
- Placing Period : A period commencing from the date of the Placing Agreement and ending on the earlier of (i) 1st month from the date of the Placing Agreement, or such other period as may be agreed between the Company and the Placing Agent in writing; and (ii) the date on which the Placing Agent successfully procures Placees to subscribe for the Bonds in an aggregate principal amount of HK\$16,000,000, in both cases, both dates inclusive, or such other period as agreed otherwise between the Company and the Placing Agent in writing.
- Completion : Completion shall take place, in respect of the Bonds which are set out in the relevant completion notice, at the head office and principal place of business of the Company in Hong Kong at 4:00 p.m. (Hong Kong time) on each Completion Date (or such later time and date as the Placing Agent and the Company may agree in writing).

CONDITIONS PRECEDENT

The obligations of the Placing Agent under the Placing Agreement in respect of the issue of the Bonds are conditional upon the following conditions being fulfilled within two Business Days from the date of the Placing Agreement (or such later time and date as the Placing Agent and the Company shall agree in writing):

- (a) all necessary consents and approvals as may be obtained by the Company and the Placing Agent having been obtained for the Placing;
- (b) all the warranties given by the Company being true, complete and accurate in all respects and not misleading in any respect and the Company having performed all its obligations under the Placing Agreement to be performed on or before the Completion Date; and
- (c) there being no event of default as described in the terms and conditions of the Bonds having occurred or occurring.

All of the conditions above are incapable of being waived. If any of the conditions are not fulfilled within two Business Days from the date of the Placing Agreement or such later time or date as may be agreed between the Placing Agent and the Company in writing, the Placing Agent may, at any time thereafter, terminate its obligations under the Placing Agreement by notice in writing to the Company, whereupon the obligations of the Placing Agent under the Placing Agreement shall forthwith cease and terminate and neither the Company nor the Placing Agent shall have any claim against the other, save for any antecedent breach hereof.

TERMINATION

The Placing Agent may, by notice to the Company given at any time prior to the expiry of the Placing Period, to terminate the Placing Agreement in the opinion of the Placing Agent, the success of the Placing contemplated hereunder would 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 in the opinion of the Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Placing; 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 hereof) 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, in the opinion of the Placing Agent materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and makes it inexpedient or inadvisable to proceed with the Placing; or
- (iii) 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 or trading in securities) occurs which in the opinion of the Placing Agent is likely to materially or adversely affect the success of the Placing or otherwise makes it inexpedient or inadvisable to proceed with the Placing; or
- (iv) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (v) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than 15 consecutive Business Days; or
- (vi) any material breach of any of the warranties given by the Company comes to the knowledge of the Placing Agent.

If at any time prior to the expiry of the Placing Period any such notice as is referred to above is given by the Placing Agent, the obligations of all parties under the Placing Agreement shall terminate forthwith and except that the Company shall remain liable for the payment of the out-of-pocket charges and expenses properly and reasonably incurred by the Placing Agent specified in the Placing Agreement and all costs, charges and expenses which are referred to in the Placing Agreement, which had already accrued prior to such termination under the Placing Agreement, no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches. For the avoidance of doubt, such termination shall be without prejudice to any rights of any party prior to termination and shall not affect the rights and obligations of the parties

hereunder in respect of any completion notice(s) (if any) served prior to such termination and the parties will be required to proceed with Completion in accordance with any completion notice(s) (if any) served prior to such termination.

The parties hereto may terminate the Placing Agreement at any time by mutual agreement.

PRINCIPAL TERMS OF THE BONDS

Principal terms of the Bonds are summarised below:

Issuer	:	The Company
Principal amount	:	Up to HK\$16 million
Form and denomination	:	Denominated in HK Dollars and shall be issued in principal amounts of HK\$500,000 each
Maturity date	:	18 months from the date(s) of issue of the Bonds
Issue price	:	100% of the principal amount of the Bonds
Interest rate	:	12% per annum on the outstanding principal amount thereof. Interest shall be accrued daily on a 365 days basis and is payable (a) on the date which is 365 days from the date on which the Bonds are issued and (b) on the maturity date of the Bonds.
Early redemption	:	At any time before the maturity date of the Bonds, the Company may redeem the Bond (in whole or in part) by giving not less than three (3) days' prior written notice as set out in the Placing Agreement to the Bondholder and the amount to be redeemed must be an integral multiple of HK\$500,000. On the date of redemption of the Bonds, the Company shall pay to such Bondholder accrued interest (the Bonds shall bear interest from and including the date of its issue to and including the date of redemption of the Bonds at the rate of 12% per annum on the outstanding principal amount thereof. Any number of day less than one month will be counted as one month. Interest shall be accrued daily on a 365 days basis) and 100% of such principal amount of the Bonds.
Event of Default	:	If any of the events of default as described in the terms and conditions of the Bonds occurs, any Bondholder may give notice in writing to the Company that the Bonds are immediately due and repayable, and the Bonds will immediately become due and repayable at their principal amount on which full payment of all amounts payable.

- Status of the Bonds : The Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and shall at all times rank pari passu and without any preference among themselves. The payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
- Listing : No application will be made for the listing of the Bonds.
- Transferability : The Bond may be transferable in whole multiples of HK\$500,000 (or such lesser amount as may represent the entire principal amount thereof). Save with the consent of the Stock Exchange, none of the Bonds may be transferred to any connected person of the Company.

The terms of Bonds were determined after arm's length negotiations between the Company and the Placing Agent with reference to, amongst other things, the prevailing market conditions and the financial position of the Group.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Group is principally engaged in the stone sales and supply and installation of marble products in Hong Kong and Macau.

Assuming the Bonds are placed in full, the maximum aggregate gross proceeds from the Placing will be HK\$16 million and the net proceeds will be approximately HK\$15.4 million (after deducting the Placing commission and other expenses in relation to the Placing). The Directors intend to apply the net proceeds of the Placing as general working capital of the Group and as possible investment in the future when opportunities arise.

The Board considers that the Placing provides a suitable opportunity to raise capital for the Group. In addition, the Placing will not result in any dilution effect on the shareholding of the existing Shareholders.

In view of the above, the Directors are of the view that the Placing provides a good opportunity to strengthen the Company's financial position and the terms of the Placing are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Completion is subject to, among others, the fulfilment of the conditions set out in the Placing Agreement. Accordingly, the Placing may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

DEFINITION

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

“Board”	the board of Directors
“Bondholder(s)”	person(s) in whose name a Bond is registered in the register of holders of the Bonds
“Bonds”	the 18-month 12% coupon unlisted bonds to be issued by the Company in an aggregate principal amount of up to HK\$16,000,000 to be placed
“Business Day”	any day (excluding a Saturday, Sunday and public holiday) on which banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	Anchorstone Holdings Limited, a company incorporated in Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange (Stock Code: 1592)
“Completion”	in respect of each completion notice given, the completion of the subscription of the Bonds pursuant to the Placing Agreement
“Completion Date”	the date of the Completion
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	directors (including the independent non-executive directors) of the Company
“Group”	the Company and its subsidiaries
“HK\$” or “HK Dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which, as far as the Directors are aware after having made all reasonable enquiries, is/are not a connected person(s) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Placee(s)”	any person or entity to whom the Placing Agent or its agents shall procure or, as the case may be, shall have procured to subscribe for the Bonds pursuant to the Placing Agreement (who will be independent professional, institutional and/or private investors (which may include the Placing Agent and its associates (as defined in the Listing Rules)), and who will be and whose ultimate beneficial owners are Independent Third Parties)
“Placing”	the placing of the Bonds by the Placing Agent on a best effort basis during the Placing Period pursuant to the terms of the Placing Agreement
“Placing Agent”	Lee Go Securities Limited, a licensed corporation to carry on Type 1 (dealing in securities) regulated activities under the SFO
“Placing Agreement”	the conditional placing agreement entered into between the Company as issuer and the Placing Agent as placing agent dated 27 March 2020 in relation to the Placing
“Placing Period”	A period commencing from the date of the Placing Agreement and ending on the earlier of (i) 1st month from the date of the Placing Agreement, or such other period as may be agreed between the Company and the Placing Agent in writing; and (ii) the date on which the Placing Agent successfully procures Placees to subscribe for the Bonds in an aggregate principal amount of HK\$16,000,000, in both cases, both dates inclusive, or such other period as agreed otherwise between the Company and the Placing Agent in writing
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary issued share(s) with par value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“subsidiary(ies)” has the meaning ascribed to it under the Listing Rules

“%” per cent.

By order of the Board
Anchorstone Holdings Limited
Fung Wai Hang
Executive Director and Company Secretary

Hong Kong, 27 March 2020

As at the date of this announcement, the executive Directors are Mr. Lui Yue Yun Gary, Ms. Lui Po Kwan Joyce, Mr. Lui Edwin Wing Yiu and Mr. Fung Wai Hang, and the independent non-executive directors are Mr. Ko Tsz Kin, Mr. Choi Hok Ya and Mr. Ng Yau Wah Daniel.