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奇点国际有限公司

Qidian International Co., Ltd.

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1280)

**ISSUE AND SUBSCRIPTION OF NEW SHARES
UNDER GENERAL MANDATE**

SUBSCRIPTION AGREEMENTS

The Board announces that on 18 May 2020 (after trading hours), the Company entered into the Subscription Agreements with the Subscribers respectively, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscribers have conditionally agreed to subscribe for, an aggregate of 25,379,600 Subscription Shares at the Subscription Price of HK\$1.09 per Subscription Share.

The Subscription Shares represent (i) approximately 20.00% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares in aggregate, subject to completion of the Subscription (assuming that there will not be any changes in the issued share capital of the Company save for the allotment and issue of the Subscription Shares).

It is expected that the gross proceeds from the Subscription will be approximately HK\$27,663,764. After deducting related professional fees and all related expenses of approximately HK\$350,000 to be borne by the Company under the Subscription, the net proceeds from the Subscription will amount to approximately HK\$27,313,764. The Company intends to use the net proceeds to settle the trade and bills payables and as general working capital to finance the Group's businesses and fund potential developments.

Completion of the Subscription is subject to fulfillment of the conditions precedent in the respective Subscription Agreement and the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

The Board announces that on 18 May 2020 (after trading hours), the Company entered into the Subscription Agreements with the Subscribers respectively, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscribers have conditionally agreed to subscribe for, an aggregate of 25,379,600 Subscription Shares at the Subscription Price of HK\$1.09 per Subscription Share.

SUBSCRIPTION AGREEMENTS

The principal terms of each Subscription Agreement are substantially the same. Set out below are the key terms of the Subscription Agreements.

Date: 18 May 2020 (after trading hours)

Parties:

Subscription Agreement I: (1) the Company, as issuer; and
(2) the Subscriber I, as subscriber

Subscription Agreement II: (1) the Company, as issuer; and
(2) the Subscriber II, as subscriber

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Subscribers and its respective ultimate beneficial owner(s) is an Independent Third Party.

Subscription

Pursuant to the Subscription Agreement I, the Company has conditionally agreed to allot and issue to the Subscriber I, and the Subscriber I has conditionally agreed to subscribe for, 18,400,210 new Shares at the Subscription Price of HK\$1.09 per Subscription Share.

Pursuant to the Subscription Agreement II, the Company has conditionally agreed to allot and issue to the Subscriber II, and the Subscriber II has conditionally agreed to subscribe for, 6,979,390 new Shares at the Subscription Price of HK\$1.09 per Subscription Share.

Subscription Shares

The Subscription Shares I represent (i) approximately 14.50% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 12.08% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares in aggregate, subject to completion of the Subscription (assuming that there will not be any changes in the issued share capital of the Company save for the allotment and issue of the Subscription Shares).

The Subscription Shares II represent (i) approximately 5.50% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 4.58% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares in aggregate, subject to completion of the Subscription (assuming that there will not be any changes in the issued share capital of the Company save for the allotment and issue of the Subscription Shares).

The Subscription Shares have an aggregate nominal value of US\$507,592 and the market value of the Subscription Shares is approximately HK\$34,262,460 based on the closing price of HK\$1.35 per Share as quoted on the Stock Exchange on the date of signing the Subscription Agreements.

Subscription Price

The Subscription Price is fixed at HK\$1.09 per Subscription Share, which represents:

- (1) a discount of approximately 19.26% to the closing price of HK\$1.35 per Share as quoted on the Stock Exchange on the date of the Subscription Agreements;
- (2) a discount of approximately 14.58% to the average closing price of HK\$1.276 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the date of the Subscription Agreements; and
- (3) a discount of approximately 20.44% to the average closing price of HK\$1.37 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the date of the Subscription Agreements.

Assuming all the Subscription Shares are fully subscribed, the gross proceeds from the Subscription are expected to be approximately HK\$27,663,764. After deducting related professional fees and all related expenses of approximately HK\$350,000 to be borne by the Company under the Subscription, the net proceeds of the Subscription will amount to approximately HK\$27,313,764, representing a net subscription price of approximately HK\$1.076 per Subscription Share.

The Subscription Price was determined after arm's length negotiations between the Company and each of the Subscribers with reference to (1) the prevailing market price of the Shares and the market conditions; and (2) the funding needs and financial position of the Group. The Directors (including all independent non-executive Directors) consider that the Subscription Price and the terms of the Subscription Agreements are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Conditions Precedent to the Subscription

Completion of the Subscription under each of the Subscription Agreements is conditional upon the fulfilment of the following conditions:

- (1) the Board having passed approved such Subscription Agreement and the transactions contemplated thereunder;
- (2) the representations and warranties given by the Company and the respective Subscriber under such Subscription Agreement being true and accurate and not misleading when made and remaining true and accurate and not misleading as at the date of completion of such Subscription; and
- (3) the Listing Committee of the Stock Exchange having granted approval for the listing of, and permission to deal in, the respective Subscription Shares and such approval and permission not subsequently being revoked or withdrawn.

If the above conditions are not fulfilled on or prior to the Long Stop Date, the respective Subscription Agreement shall terminate and neither of the parties shall have any claim against the other for costs, damages, compensation or otherwise save for any antecedent breach of such Subscription Agreement.

Completion of the Subscription under each of the Subscription Agreements is not inter-conditional with each other.

Completion

Completion of the Subscription will take place on the Completion Date. If the Company or any of the Subscribers fails to proceed with completion of the Subscription in accordance with the relevant Subscription Agreement, the non-breaching party may: (i) postpone the Completion Date to a subsequent date which is not later than 28 days after; or (ii) terminate such Subscription Agreement concerned.

Lock-Up Period of the Subscription Shares

Each of the Subscribers unconditionally and irrevocably undertakes to the Company that, for the period of six (6) months from the Completion Date, without the prior written consent of the Company, will not directly or indirectly: (i) offer to sell, transfer, contract to sell or otherwise deal with any of such Subscription Shares or any interests therein; or (ii) enter into any swap or derivatives that transfer the economic effect of ownership of such Subscription Shares or any interests therein; or (iii) announce any intention to enter into or effect any such transactions described in (i) or (ii) above.

Ranking of the Subscription Shares

The Subscription Shares, when allotted and issued, will rank *pari passu* in all respects among themselves free from all liens, charges, guarantee, adverse interests and adverse claims, and with the Shares in issue on the date of allotment and issue of the Subscription Shares including all dividends declared or payable or distribution made or proposed on or after the Completion Date.

GENERAL MANDATE

The Subscription Shares will be allotted and issued pursuant to the General Mandate, which has been granted to the Directors to allot and issue up to 25,379,600 Shares (adjusted pursuant to the Share Consolidation). As at the date of this announcement, no Shares have been allotted and issued under the General Mandate. The General Mandate is sufficient for the allotment and issue of the Subscription Shares, and the issue of the Subscription Shares is not subject to the approval of the Shareholders.

APPLICATION FOR LISTING OF THE SUBSCRIPTION SHARES

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

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the Company has 126,898,000 Shares in issue. Set out below is a table showing the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon completion of the Subscription, assuming there is no other change to the share capital and in the shareholding structure of the Company (other than the issue of the Subscription Shares) between the date of this announcement and completion of the Subscription:

Name of Shareholder	As at the date of this announcement		Immediately after completion of the Subscription	
	Number of Shares	Approximate % shareholding	Number of Shares	Approximate % shareholding
Noble Trade International Holdings Limited (聖行國際集團有限公司)	28,455,000	22.42%	28,455,000	18.69%
BOCE (Hong Kong) Co., Limited	13,095,000	10.32%	13,095,000	8.60%
Subscriber I	—	—	18,400,210	12.08%
Subscriber II	—	—	6,979,390	4.58%
Other public Shareholders	85,348,000	67.26%	85,348,000	56.05%
Total	126,898,000	100.00%	152,277,600	100.00%

INFORMATION ON THE SUBSCRIBERS

The Subscriber I, a company incorporated in Hong Kong, is wholly-owned by Ms. Sun Yan, who is a seasoned investor with over 7 years' experience in the investment industry focusing on the new retail, new consumption, 5G, environmental protection and biopharmaceuticals fields. Ms. Sun currently manages a venture capital fund with a commitment of RMB500 million, which was originally funded by her father.

The Subscriber II, a company incorporated in Hong Kong, is wholly-owned by Mr. Chen Bo, who runs a family business in the design, manufacturing and sale of gold and jewellery products in southern China. Mr. Chen also has investment experience in private equity and the securities traded on the A share stock market, the Hong Kong stock market as well as the United States stock market.

INFORMATION ON THE GROUP

The Group is principally engaged in the retail of household appliance, mobile phones, computers, imported and general merchandise and provision of maintenance and installation services for household appliance in the PRC.

REASONS FOR THE BENEFITS OF THE SUBSCRIPTION

The Directors believe that the Subscription will improve the gearing ratio of the Company, strengthen its capital structure and optimize the shareholders base of the Company.

In view of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Subscription Agreements (including the Subscription Price) and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

It is expected that the gross proceeds from the Subscription will be approximately HK\$27,663,764. After deducting related professional fees and all related expenses of approximately HK\$350,000 to be borne by the Company under the Subscription, the net proceeds from the Subscription will amount to approximately HK\$27,313,764. The Company intends to use the net proceeds in the manner set out below:

- (1) approximately HK\$19.1 million, or 70% of the net proceeds, will be used to settle the trade and bills payables; and
- (2) approximately HK\$8.2 million, or 30% of the net proceeds, will be used as general working capital to finance the Group's businesses and fund potential developments.

EQUITY FUND RAISING ACTIVITIES BY THE COMPANY IN THE PAST TWELVE MONTHS

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

Completion of the Subscription is subject to fulfillment of the conditions precedent in the respective Subscription Agreement and the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Qidian International Co., Ltd. (奇点国际有限公司) (Stock Code: 1280), a company incorporated in the Cayman Islands with limited liability, the shares of which is listed on the Main Board of the Stock Exchange
“Completion Date”	the date of completion of the Subscription notified by the Company to the relevant Subscriber in writing after all the conditions precedent of the Subscription are fulfilled and not later than the fifth business day after the date of fulfillment of all the conditions precedent thereof
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 10 September 2019 to allot and issue up to 25,379,600 Shares (adjusted pursuant to the Share Consolidation)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) whom, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and the connected persons of the Company in accordance with the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)

“Long Stop Date”	the date upon the expiry of three (3) months from the date of the Subscription Agreements, or such other date as the respective parties to the Subscription Agreements may agree in writing
“PRC”	the People’s Republic of China excluding Hong Kong, the Macao Special Administrative Region and Taiwan for the purpose of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Share Consolidation”	the consolidation of every twenty (20) existing issued and unissued ordinary share(s) of US\$0.001 each in the existing share capital of the Company into one (1) consolidated Share of US\$0.02 each which became effective on 7 January 2020
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	ordinary shares of the Company with a nominal value of US\$0.02 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber I”	Hong Kong Ruihong Yixing International Co., Limited (香港瑞宏藝興國際有限公司), a company incorporated in Hong Kong
“Subscriber II”	Hong Kong Teng Chun Tak Sing International Co., Limited (香港騰創德馨國際有限公司), a company incorporated in Hong Kong
“Subscribers”	collectively, the Subscriber I and the Subscriber II, and each, a Subscriber
“Subscription”	subscription of the Subscription Shares by the Subscribers pursuant to the Subscription Agreements, and with respect to each Subscription Agreement, the subscription of the relevant Subscription Shares by the relevant Subscriber pursuant to such Subscription Agreement
“Subscription Agreement I”	the subscription agreement dated 18 May 2020 entered into between the Company and the Subscriber I for the issue and subscription of 18,400,210 Subscription Shares at the Subscription Price

“Subscription Agreement II”	the subscription agreement dated 18 May 2020 entered into between the Company and the Subscriber II for the issue and subscription of 6,979,390 Subscription Shares at the Subscription Price
“Subscription Agreements”	collectively, the Subscription Agreement I and the Subscription Agreement II, and each, a Subscription Agreement
“Subscription Price”	HK\$1.09 per Subscription Share
“Subscription Shares”	collectively, the Subscription Shares I and the Subscription Shares II, and each, a Subscription Share
“Subscription Shares I”	an aggregate of 18,400,210 Shares to be subscribed by the Subscriber I pursuant to the Subscription Agreement I
“Subscription Shares II”	an aggregate of 6,979,390 Shares to be subscribed by the Subscriber II pursuant to the Subscription Agreement II
“%”	per cent.

By order of the Board
Qidian International Co., Ltd.
Yuan Li
Chairman

Yangzhou, PRC, 18 May 2020

As at the date of this announcement, the Board comprises five executive Directors, namely Mr. Yuan Li, Mr. Xu Xinying, Ms. Liu Simei, Mr. Sun Lejiu and Mr. Xin Kexia, one non-executive Director, namely Ms. Xu Honghong and three independent non-executive Directors, namely Mr. Zhao Jinyong, Mr. Chen Rui and Mr. Fung Tak Choi.