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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 7 September 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 30,455,520 Subscription Shares at the Subscription Price of HK\$1.29 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\$39.3 million. After deducting related professional fees and all related expenses of approximately HK\$0.4 million to be borne by the Company under the Subscription, the net proceeds from the Subscription will amount to approximately HK\$38.9 million. The Company intends to use the net proceeds for settlement of trade and bills payable and as general working capital to finance the Group's business 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 7 September 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 30,455,520 Subscription Shares at the Subscription Price of HK\$1.29 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: 7 September 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, 23,755,306 new Shares at the Subscription Price of HK\$1.29 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, 6,700,214 new Shares at the Subscription Price of HK\$1.29 per Subscription Share.

Subscription Shares

The Subscription Shares I represent (i) approximately 15.60% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 13.00% 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 4.40% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 3.67% 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).

The Subscription Shares have an aggregate nominal value of US\$609,110.40 and the market value of the Subscription Shares is approximately HK\$48.7 million based on the closing price of HK\$1.29 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\$1.29 per Subscription Share, which represents:

- (1) a discount of approximately 19.38% to the closing price of HK\$1.60 per Share as quoted on the Stock Exchange on the date of the Subscription Agreements;
- (2) a discount of approximately 18.77% to the average closing price of HK\$1.588 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Subscription Agreements; and
- (3) a discount of approximately 16.99% to the average closing price of HK\$1.554 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately preceding 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\$39.3 million. After deducting related professional fees and all related expenses of approximately HK\$0.4 million to be borne by the Company under the Subscription, the net proceeds of the Subscription will amount to approximately HK\$38.9 million, representing a net subscription price of approximately HK\$1.28 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 of the Subscription, 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 30,455,520 Shares. 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 152,277,600 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	18.69%	28,455,000	15.57%
Hong Kong Ruihong Yixing International Co., Limited (香港瑞宏藝興國際有限公司)	18,400,210	12.08%	18,400,210	10.07%
Subscriber I	—	—	23,755,306	13.00%
Subscriber II	6,979,390	4.58%	13,679,604	7.49%
Other public Shareholders	98,443,000	64.65%	98,443,000	53.87%
Total	152,277,600	100.00%	182,733,120	100.00%

INFORMATION ON THE SUBSCRIBERS

The Subscriber I, a company incorporated in Hong Kong, is wholly-owned by Mr. Shan Weiwei. Mr. Shan has over 10 years' experience in finance and was a senior management member of a securities investment fund company. He has extensive experiences in asset allocation and risk hedging.

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. As at the date of this announcement, the Subscriber II holds 6,979,390 Shares, representing approximately 4.58% of the total issued share capital of the Company.

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\$39.3 million. After deducting related professional fees and all related expenses of approximately HK\$0.4 million to be borne by the Company under the Subscription, the net proceeds from the Subscription will amount to approximately HK\$38.9 million. The Company intends to use the net proceeds in the manner set out below:

- (1) approximately HK\$27.2 million, or 70% of the net proceeds, will be used to settle the trade and bills payables; and
- (2) approximately HK\$11.7 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

Save for the fund raising activities mentioned below, the Company has not conducted any equity fund raising activities during the past 12 months immediately preceding the date of this announcement.

Date of announcement	Fund raising activities	Net proceeds	Proposed use of the net proceeds	Actual use of the net proceeds as of 30 June 2020
18 May 2020	Issue of an aggregate of 25,379,600 new Shares under general mandate <i>(Note)</i>	Approximately HK\$27.3 million	(i) As to approximately HK\$19.1 million for settlement of trade and bills payables; and (ii) as to approximately HK\$8.2 million as general working capital to finance the Group's businesses and fund potential developments	(i) As to approximately HK\$9.1 million has been utilized to settle trade and bills payables; and (ii) as to approximately HK\$10.5 million has been utilized as general working capital to finance the Group's businesses and fund potential developments

Note: For details, please refer to the announcements of the Company dated 18 May 2020 and 28 May 2020.

As at 30 June 2020, the net proceeds of approximately HK\$7.7 million had not yet been utilized, but are expected to be utilized during the third quarter of 2020. Such unutilized proceeds have been placed as deposits with licensed banks in the PRC.

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
“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 29 June 2020 to allot and issue up to 30,455,520 Shares
“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
“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”	Oupu Shanwei (International) Holdings Limited (歐普善偉(國際)控股有限公司), 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 7 September 2020 entered into between the Company and the Subscriber I for the issue and subscription of 23,755,306 Subscription Shares at the Subscription Price
“Subscription Agreement II”	the subscription agreement dated 7 September 2020 entered into between the Company and the Subscriber II for the issue and subscription of 6,700,214 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\$1.29 per Subscription Shares
“Subscription Shares”	collectively, the Subscription Shares I and the Subscription Shares II

“Subscription Shares I”	an aggregate of 23,755,306 Shares to be subscribed by the Subscriber I pursuant to the Subscription Agreement I
“Subscription Shares II”	an aggregate of 6,700,214 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, 7 September 2020

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Yuan Li, Mr. Xu Xinying, Ms. Liu Simei and Mr. Sun Lejiu, 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.