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Shenghui Cleanness Group Holdings Limited
升輝清潔集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2521)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



元宇宙(國際)證券有限公司

Yuen Meta (International) Securities Limited

On 22 November 2024 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company proposes to offer for subscription and the Placing Agent has agreed, as agent of the Company, to procure not less than six Placees, who and whose ultimate beneficial owners shall be Independent Third Parties, on a best effort basis to subscribe for up to 130,980,000 Placing Shares at a price of HK\$0.305 per Placing Share during the Placing Period.

Up to 130,980,000 Placing Shares under the Placing represent (i) approximately 8.06% of the existing issued Shares as at the date of this announcement; and (ii) approximately 7.46% of the total number of issued Shares as enlarged by the Placing, assuming no further change in the issued Shares prior to the Completion. The aggregate nominal value of the Placing Shares under the Placing will be HK\$1,309,800. The Placing Price of HK\$0.305 represents (i) a discount of approximately 15.28% to the closing price of HK\$0.360 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 19.53% to the average closing price of HK\$0.379 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing Shares will be allotted and issued pursuant to the General Mandate, and is not subject to further Shareholders' approval. Application will be made by the Company to the Listing Committee for the granting of the listing of, and permission to deal in, the Placing Shares.

Assuming all the Placing Shares are successfully placed by the Placing Agent, the maximum gross proceeds from the Placing will be approximately HK\$39.95 million. The maximum net proceeds from the Placing (after deducting the commission payable to the Placing Agent, professional fees and other related costs and expenses incurred in the Placing) will be approximately HK\$39.22 million which will be utilised for (1) acquisition of target(s) in cleaning and maintenance services providers in the PRC (including further acquisition of shares of BTI); (2) making investment or acquisition of potential target(s) which is/are in the upstream or downstream along the value chain of the business of the Group, which could bring integration and/or synergy effects to the Group, which in aggregate accounted for approximately 90% of the net proceeds from the issue of the Placing Shares. As at the date of this announcement, the Group has not identified any acquisition targets and has not decided the allocation of the net proceeds on each of them which is subject to, among others, the target consideration and valuation; and/or (3) general working capital of the Group which accounted for the remaining balance of approximately 10% of the net proceeds from issue of the Placing Shares. It is expected that the proceeds will be fully utilised on or before 31 December 2026.

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

THE PLACING

On 22 November 2024 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company proposes to offer for subscription and the Placing Agent has agreed, as agent of the Company, to procure not less than six Placers, who and whose ultimate beneficial owners shall be Independent Third Parties, on a best effort basis to subscribe for up to 130,980,000 Placing Shares at a price of HK\$0.305 per Placing Share during the Placing Period.

The principal terms of the Placing Agreement are set out below.

Date: 22 November 2024 (after trading hours)

Parties: (i) the Company, as issuer; and
(ii) Yuen Meta (International) Securities Limited, as the Placing Agent.

(each a "Party", and collectively, the "Parties")

In consideration of the services of the Placing Agent in relation to the Placing, at Completion, the Company shall pay to the Placing Agent a placing commission equivalent to 1.5% of the amount equivalent to the Placing Price multiplied by the number of Placing Shares placed in the Placing. The placing commission in respect of the Placing was negotiated on arm's length basis between the Company and the Placing Agent under normal commercial terms and was determined with reference to, among other things, the prevailing commission rate charged by other placing agents and the price performance of the Shares. The Directors are of the view that the placing commission of 1.5% is fair and reasonable.

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 owner(s) are Independent Third Parties.

Placees

The Placing Shares will be placed to not less than six Placees. The Placee(s) shall be any professional, institutional or other investor procured by or on behalf of the Placing Agent who and whose ultimate beneficial owner(s) are Independent Third Parties.

Number of Placing Shares

Up to 130,980,000 Placing Shares under the Placing represent (i) approximately 8.06% of the existing issued Shares as at the date of this announcement; and (ii) approximately 7.46% of the total number of issued Shares as enlarged by the Placing, assuming no further change in the issued Shares prior to the Completion. The aggregate nominal value of the Placing Shares under the Placing will be HK\$1,309,800.

Issuance of Placing Shares

The Company shall issue and allot the Placing Shares by utilising the General Mandate free and clear from all liens, charges, encumbrances, claims, options and third party rights and with all rights attaching thereto as at the Completion Date, including the right to receive all future dividends and other distributions thereafter declared, made or paid on the Shares. The Placing Shares, when issued and fully paid, will rank *pari passu* in all respects with the existing Shares in issue as at the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.305 represents (i) a discount of approximately 15.28% to the closing price of HK\$0.360 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 19.53% to the average closing price of HK\$0.379 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement. The net placing price under the Placing is approximately HK\$0.30 per Placing Share. The Directors consider that the Placing Price, which was agreed after arm's length negotiations between the Company and the Placing Agent with reference to current market price and the recent trading performance of the Shares, is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions Precedent of the Placing

The Placing is conditional upon the following conditions (the “**Conditions**”) being fulfilled on or before the Long Stop Date:

- (i) the Stock Exchange having granted or agreeing to grant the Listing Approval and such Listing Approval not subsequently revoked prior to Completion; and
- (ii) the Placing Agreement not having been terminated in accordance with its terms.

If the conditions specified above are not fulfilled by 5:00 p.m. on the Long Stop Date, either Party hereto may, at any time thereafter, terminate the Placing Agreement by notice in writing to the other party hereto, whereupon the obligations under the Placing Agreement shall forthwith cease and terminate and neither the Company nor the Placing Agent shall have any claim against the other.

General Mandate

The Placing Shares will be allotted and issued pursuant to the General Mandate. The maximum number of Shares that can be issued under the General Mandate is 325,000,000 Shares. As at the date of this announcement, no new Shares have been issued under the General Mandate since its grant. The General Mandate is sufficient for the allotment and issue of all the Placing Shares. As such, the issue of the Placing Shares is not subject to Shareholders' approval. The General Mandate will be utilised as to approximately 40.30% upon the allotment and issue of all the Placing Shares.

Application for Listing

Application will be made by the Company to the Listing Committee for the granting of the listing of, and permission to deal in, the Placing Shares.

Completion of the Placing

Subject to the fulfilment of the conditions precedent of the Placing Agreement, Completion of the Placing Agreement shall take place on the Completion Date.

Lock-up undertakings

- (i) The Placees unconditionally and irrevocably undertake to the Company that the Placees shall not, without the prior written consent of the Company, at any time during the period of two (2) years from the Completion Date directly or indirectly, dispose of any Placing Shares; and
- (ii) if the Placees dispose of any Placing Shares at any time after a period of two (2) years from the Completion Date, the Placees shall ensure that such disposal complies with all applicable laws (including the Listing Rules) and will use its best endeavours to ensure that any such disposal will not create a disorderly or false market in the Shares.

Termination

The Placing Agent shall be entitled by notice in writing to the Company given prior to 11:00 a.m. (Hong Kong time) on the Completion Date to terminate the Placing Agreement if any Specified Event comes to the notice of the Placing Agent.

If notice is given pursuant to the above paragraph, the Placing Agreement shall terminate and shall have no further effect and neither Party shall be under any liability to the other Party in respect of the Placing Agreement save for any rights or obligations which may have accrued under the Placing Agreement prior to such termination.

REASONS FOR THE PLACING AND USE OF PROCEEDS

Assuming all the Placing Shares are successfully placed by the Placing Agent, the maximum gross proceeds from the Placing will be approximately HK\$39.95 million. The maximum net proceeds from the Placing (after deducting the commission payable to the Placing Agent, professional fees and other related costs and expenses incurred in the Placing) will be approximately HK\$39.22 million which will be utilised for (1) acquisition of target(s) in cleaning and maintenance services providers in the PRC (including further acquisition of shares of BTI); (2) making investment or acquisition of potential target(s) which is/are in the upstream or downstream along the value chain of the business of the Group, which could bring integration and/or synergy effects to the Group, which in aggregate accounted for approximately 90% of the net proceeds from the issue of the Placing Shares. As at the date of this announcement, the Group has not identified any acquisition targets and has not decided the allocation of the net proceeds on each of them which is subject to, among others, the target consideration and valuation; and/or (3) general working capital of the Group which accounted for the remaining balance of approximately 10% of the net proceeds from issue of the Placing Shares. It is expected that the proceeds will be fully utilised on or before 31 December 2026.

As disclosed in the announcement and the supplemental announcement of the Company dated 19 September 2024 and 25 October 2024 respectively, the Company acquired approximately 6.99% of the total number of BTI Shares and subsequently up to the date of this announcement, the Company has further acquired an aggregate of approximately 3.16% of the total number of BTI Shares. As a result, the Company has acquired a total of approximately 10.15% of the total number of BTI Shares in aggregate as at the date of this announcement, to enable the Group to strengthen its ESG and brings potential collaboration between the Group and BTI in its existing business which could provide value-added services to its existing and prospective clients. In addition, as disclosed in the announcement of the Company dated 21 October 2024, the Group and BTI co-developed its first equipment for production of pulp using post-consumed paper food box, paper cups, tissue, paper packaging, wooden boards for bio based industrial parks usage and for recycling of its collected waste and garbage to increase its shareholder's value. The Directors will continue to explore market and market opportunities which will provide value-added services to its existing and prospective customers and benefit existing and future businesses of the Group.

The Directors are of the view that (i) the Placing Agreement are entered into upon normal commercial terms following arm's length negotiations between the Parties; (ii) the Placing will enlarge the shareholder base and capital base; and (iii) the net proceeds from the Placing will facilitate the Company to further acquire cleaning and maintenance services providers in the PRC (including further acquisition of shares of BTI) and making investment or acquisition of target(s) which is/are in the upstream or downstream along the value chain of the business of the Group, which could bring integration and/or synergy effects to the Group.

In view of the above, the Directors consider that the terms of the Placing Agreement are fair and reasonable and the Placing is in the interests of the Company and the Shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the past 12 months prior to the date of this announcement.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company immediately upon Completion are set out below for illustration purposes:

Shareholders	(a) As at the date of this announcement		(b) Immediately upon Completion (assuming the Placing Shares are fully placed)	
	Shares	Approximate	Shares	Approximate
Prosperity Cleanness (Note 1)	586,543,750	36.10%	586,543,750	33.40%
Sunrise Cleanness (Note 2)	586,543,750	36.10%	586,543,750	33.40%
Places	–	–	130,980,000	7.46%%
Other public shareholders	<u>451,912,500</u>	<u>27.81%</u>	<u>451,912,500</u>	<u>25.74%%</u>
Total	<u>1,625,000,000</u>	<u>100.00%</u>	<u>1,755,980,000</u>	<u>100.00%</u>

Notes:

1. Prosperity Cleanness is wholly owned by Mr. Li Chenghua, who is the Chairman and Chief Executive Officer of the Company.
2. Sunrise Cleanness is wholly owned by Mr. Chen Liming, who is the executive Director.

Completion is subject to the fulfillment of the conditions precedent under the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

The following terms have the following meanings in this announcement unless the context otherwise requires:

“Board”	the board of Directors
“BTI”	深圳市百事達卓越科技股份有限公司* (Best Technology (Shenzhen) Inc.), shares of which are listed on NEEQ (Stock code: 833204)
“BTI Share(s)”	the share(s) issued by BTI, which are listed on NEEQ (Stock code: 833204) and denominated in RMB
“Business Day(s)”	any day (other than a Saturday, Sunday or public holiday or a day on which a typhoon signal no. 8 or above or black rainstorm signal is hoisted or the Extreme Conditions is announced in Hong Kong between 9:00 a.m. to 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	Shenghui Cleanness Group Holdings Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Completion”	the completion of the Placing, subject to the terms of the Placing Agreement
“Completion Date”	five (5) Business Days after the conditions precedent of the Placing Agreement have been fulfilled (or such other date the Company and the Placing Agent may agree in writing)
“Connected Person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company

“Extreme Conditions”	the extreme conditions as announced by any Hong Kong Government department or body or otherwise, whether or not under or pursuant to the revised “Code of Practice in Times of Typhoons and Rainstorms” issued by the Labour Department in June 2019 in the event of serious disruption of public transport services or government services, extensive flooding, major landslides or large-scale power outage after typhoons or incidents similar in seriousness or nature
“General Mandate”	the general mandate granted to the Directors to allot, issue and deal with not more than 325,000,000 new Shares at the annual general meeting of the Company held on 28 June 2024
“Group”	the Company and its subsidiaries
“Hong Kong”	the 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 Director’s knowledge, information and belief having made all reasonable enquiries, are independent of the Company and its connected persons (as defined under the Listing Rules) and parties acting in concert (as defined under the Takeovers Code) with the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Committee”	the listing committee appointed by the Stock Exchange for considering applications for listing and the granting of listing of securities on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange
“Long Stop Date”	13 December 2024 (or such later date as the Parties may agree in writing)

“Placee(s)”	any investor who is either a professional or institutional investor or other investors selected and procured by or on behalf of the Placing Agent as contemplated by the Placing Agreement and is independent as referred to in the Placing Agreement, procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the proposed placing of the Placing Shares on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Yuen Meta (International) Securities Limited, a licensed corporation by the SFC to carry out and conduct type 1 (dealing in securities) regulated activities under and pursuant to the SFO
“Placing Agreement”	the placing agreement entered into between the Company and the Placing Agent dated 22 November 2024 in respect of the Placing
“Placing Period”	the period commencing on the date of the Placing Agreement and expiring on the Long Stop Date (both days inclusive) or such later date as the Parties may agree in writing, unless the Placing is terminated earlier pursuant to the terms of the Placing Agreement
“Placing Price”	not less than HK\$0.305 per Placing Share
“Placing Shares”	up to 130,980,000 new Shares to be placed pursuant to the Placing Agreement
“Prospectus”	the prospectus of the Company dated 27 November 2023
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the Shares from time to time

“Specified Event”	an event occurring or matter arising on or after the date of the Placing Agreement and prior to the Completion Date which, subject to the situations specified in the Placing Agreement, if it had occurred or arisen before the date of the Placing Agreement would have rendered any of the undertakings, warranties and representations of each of the Parties contained in the Placing Agreement untrue or incorrect and such would have an adverse impact or effect on the Placing
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC
“%”	per cent

By Order of the Board
Shenghui Cleanness Group Holdings Limited
Li Chenghua
Chairman and Executive Director

Hong Kong, 22 November 2024

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Li Chenghua (Chairman and Chief Executive Officer) and Mr. Chen Liming; and three independent non-executive Directors, namely Ms. Cheung Bo Man, Ms. Yau Yin Hung and Dr. Wang Hui.

* *For identification purposes only*