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Zhongshen Jianye Holding Limited

中 深 建 業 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2503)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

After trading hours on 10 January 2025, the Company entered into six separate Subscription Agreements with six Subscribers in respect of the subscription of an aggregate of 102,960,000 Subscription Shares at the Subscription Price of HK\$0.50 per Share.

The number of 102,960,000 Subscription Shares in aggregate represent (i) 20.00% of the 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 (assuming there is no other change in the issued share capital of the Company from the date of this announcement and up to completion of the Subscription). The aggregate nominal value of the Subscription Shares is HK\$1,029,600.

The Subscription Price of HK\$0.50 per Subscription Share represents (i) a discount of approximately 15.25% to the closing price of HK\$0.59 per Share as quoted on the Stock Exchange on 10 January 2025, being the date of the Subscription Agreements; and (ii) a discount of approximately 15.25% to the average closing price of HK\$0.59 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to the date of the Subscription Agreements.

The Subscription Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the AGM held on 29 May 2024. The allotment and issue of the Subscription Shares are not subject to any additional Shareholders' approval.

Since completion of the Subscription is subject to the fulfilment of the condition as set out in the Subscription Agreements, the Subscription may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

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THE SUBSCRIPTION AGREEMENTS

Each of the Subscription Agreements is on substantially the same terms (other than the number of Subscription Shares). Major terms of the Subscription Agreements are as follows:

Date

10 January 2025

Parties

- (1) the Company, as issuer; and
- (2) each of the Subscribers, as subscriber

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of the Subscribers is (i) an individual private investor; and (ii) a third party independent of and not connected with the Company and its connected persons and not otherwise a connected person of the Company.

Subscription

Each of the Subscribers has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, such number of Subscription Shares as set forth below:

Subscriber	No. of Subscription Shares	Total Subscription Price (HK\$)	Approx.% of	Approx.% of
			the issued share capital as at the date of this announcement (Note)	the issued share capital immediately after completion of the Subscription (assuming there is no other change in the issued share capital of the Company before the completion of the Subscription) (Note)
Subscriber 1	25,000,000	12,500,000	4.86	4.05
Subscriber 2	18,000,000	9,000,000	3.50	2.91
Subscriber 3	18,000,000	9,000,000	3.50	2.91
Subscriber 4	18,000,000	9,000,000	3.50	2.91
Subscriber 5	12,000,000	6,000,000	2.33	1.94
Subscriber 6	<u>11,960,000</u>	<u>5,980,000</u>	<u>2.32</u>	<u>1.94</u>
Total:	<u>102,960,000</u>	<u>51,480,000</u>	<u>20.00</u>	<u>16.67</u>

Note: The above percentage figures are subject to rounding adjustments. Accordingly, figures shown as total may not be an arithmetic aggregation of the figures preceding it.

Subscription Shares

The number of 102,960,000 Subscription Shares in aggregate represent (i) 20.00% of the 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 (assuming there is no other change in the issued share capital of the Company from the date of this announcement and up to completion of the Subscription). The aggregate nominal value of the Subscription Shares is HK\$1,029,600.

Subscription Price

The Subscription Price of HK\$0.50 per Subscription Share represents:

- (a) a discount of approximately 15.25% to the closing price of HK\$0.59 per Share as quoted on the Stock Exchange on 10 January 2025, being the date of the Subscription Agreements; and
- (b) a discount of approximately 15.25% to the average closing price of approximately HK\$0.59 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to the date of the Subscription Agreements.

The Subscription Price was determined after arm's length negotiations between the Company and each of the Subscribers with reference to the prevailing market prices and trading volume of the Shares.

Ranking

The Subscription Shares, upon issue, will rank *pari passu* in all respects with the Shares in issue as at the date of completion of the Subscription.

Condition of the Subscription

Completion of the Subscription is conditional upon the Listing Committee of the Stock Exchange agreeing to grant the listing of, and permission to deal in, the Subscription Shares by 5:00 p.m. on 9 February 2025 (or such later date as may be agreed by the Company and the relevant Subscriber in writing).

Completion of each Subscription Agreement is not conditional on the completion of the other Subscription Agreements.

Completion

Completion of the Subscription shall take place on the third (3) Business Days following the day on which the above condition is satisfied.

GENERAL MANDATE TO ALLOT AND ISSUE THE SUBSCRIPTION SHARES

The Subscription Shares will be allotted and issued pursuant to the General Mandate granted to the Directors at the AGM. Under the General Mandate, the Company is authorised to allot and issue up to 102,960,000 Shares until the revocation, variation or expiration of the General Mandate. The Company has not exercised the power to allot and issue any new Shares pursuant to the General Mandate as at the date of this announcement. The allotment and issue of the Subscription Shares are not subject to any additional Shareholders' approval.

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

CSRC FILINGS

The Company shall complete the CSRC Filings in connection with the Subscription in accordance with applicable laws and regulations.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Company is an investment holding company and its subsidiaries are principally engaged in the provision of construction services in the PRC.

The Group attains a range of qualifications and licenses in the construction contracting industry and has strategically focused and placed efforts on municipal and public construction works. The Group continuously leveraged the qualifications and licenses and proven track record in municipal and public construction projects to negotiate with new customers.

Qualifications and licenses are the Group's competitive strengths which differentiate the Group from other competitors and the Directors believe that a boarder range of qualifications and licenses will enable the Group to continue growth and allow the Group to undertake a diverse range of works for construction projects.

The gross proceeds and net proceeds (after deducting all applicable costs and expenses of the Subscription) from the Subscription will be approximately HK\$51.5 million and HK\$51.3 million respectively, which will be used as follows:

- (i) approximately HK\$30.0 million for potential acquisition in one or multiple construction companies attained with qualifications and licenses related to municipal and public construction works, such as construction design and urban planning, etc., and with a good track record. The Group considers such potential acquisition can strengthen the Group's core competitiveness in municipal and public construction works, and can diversify the existing business of the Group. As at the date of this announcement, the Group has not entered into any letters of intent or legally binding agreements with respect to such acquisition nor had it identified any definite acquisition targets.
- (ii) approximately HK\$21.3 million for general working capital.

The Directors consider that the Subscription will also provide an opportunity to raise further capital for the Company whilst broadening the shareholder base and the capital base of the Company.

The Directors consider that the Subscription Agreements are entered into upon normal commercial terms following arm's length negotiations between the Company and the Subscribers and the terms of the Subscription Agreements (including the Subscription Price) are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES INVOLVING ISSUE OF SECURITIES IN THE PAST 12 MONTHS

The Company has not conducted any fund raising activities involving issue of its securities in the past 12 months immediately preceding the date of this announcement.

SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Subscription (assuming there is no other change in the issued share capital of the Company before the completion of the Subscription) are set out below:

	As at the date of this announcement		Immediately after completion of the Subscription (assuming there is no other change in the issued share capital of the Company before the completion of the Subscription)	
	<i>Number of Shares</i>	<i>Approx.% (Note 3)</i>	<i>Number of Shares</i>	<i>Approx.% (Note 3)</i>
Zhongshen Hengtai Capital Limited (<i>Note 1</i>)	284,172,240	55.20%	284,172,240	46.00%
Zhongshen Chitai Capital Limited (<i>Note 2</i>)	71,040,560	13.80%	71,040,560	11.50%
Public Shareholders				
Subscribers	—	—	102,960,000	16.67%
Other Public Shareholders	<u>159,587,200</u>	<u>31.00%</u>	<u>159,587,200</u>	<u>25.83%</u>
Total	<u>514,800,000</u>	<u>100%</u>	<u>617,760,000</u>	<u>100%</u>

Notes:

1. As at the date of this announcement, Zhongshen Hengtai Capital Limited is 100% beneficially owned by Mr. Sang Xianfeng, the Chairman of the Company and an executive Director.
2. As at the date of this announcement, Zhongshen Chitai Capital Limited is 100% beneficially owned by Mr. Xian Yurong, an executive Director.
3. The above percentage figures are subject to rounding adjustments. Accordingly, figures shown as total may not be an arithmetic aggregation of the figures preceding it.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“AGM”	the annual general meeting of the Company held on 29 May 2024 at which, among other things, the General Mandate was granted to the Directors
“Board”	the board of Directors
“Business Day(s)”	a day (other than Saturday, Sunday, public holiday or any day on which “extreme conditions” caused by super typhoons is announced by the Government of Hong Kong or a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“Company”	Zhongshen Jianye Holding Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2503)
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“CSRC”	China Securities Regulatory Commission
“CSRC Filing Rules”	Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) and supporting guidelines issued by the CSRC (effective from 31 March 2023), as amended, supplemented or otherwise modified from time to time
“CSRC Filings”	any and all letters, filings, correspondences, communications, documents, responses, undertakings and submissions in writing, orally or in any form, including any amendments, supplements and/or modifications thereof, made or to be made to the CSRC, relating to or in connection with the Subscription pursuant to the CSRC Filing Rules and other applicable laws, regulations and requirements of the CSRC
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors at the AGM to allot and issue up to 102,960,000 new Shares, representing 20% of the total number of issued Shares as at the date of the AGM

“Group”	collectively, the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Committee”	has the meaning ascribed thereto in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	the subscribers of the Subscription Shares under the Subscription Agreements
“Subscription”	the subscription of the Subscription Shares by the Subscribers pursuant to the terms and conditions of the Subscription Agreements
“Subscription Agreements”	six separate subscription agreements entered into between the Company and the Subscribers on 10 January 2025 in respect of the Subscription
“Subscription Price”	HK\$0.50 per Subscription Share
“Subscription Shares”	a total of 102,960,000 new Shares to be subscribed for and allotted and issued pursuant to the Subscription Agreements
“%”	per cent

By order of the Board
Zhongshen Jianye Holdings Limited
Sang Xianfeng
Chairman and Executive Director

Hong Kong, 10 January 2025

As at the date hereof, the executive directors of the Company are Mr. Sang Xianfeng (Chairman) and Mr. Xian Yurong; and the independent non-executive directors of the Company are Ms. Liu Zhihong, Mr. Zeng Qingli and Mr. Xie Huagang.