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MING LAM HOLDINGS LIMITED

銘霖控股有限公司

(formerly known as Sino Haijing Holdings Limited 中國海景控股有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01106)

PLACING OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

Placing Agent



CHUNG SUN

Chung Sun Securities Limited

On 14 June 2019 (after trading hours), the Company and the Placing Agent entered into the CB Placing Agreement pursuant to which the Placing Agent conditionally agreed to place, on a best effort basis, the Convertible Bonds in the aggregate principal amount of up to HK\$297,769,963.60 to not less than six CB Places.

Based on the initial Conversion Price of HK\$0.10 per Conversion Share and assuming there is no other change in the issued share capital of the Company between the date of this announcement and the full conversion of the Convertible Bonds, 2,977,699,636 Conversion Shares will be allotted and issued by the Company upon exercise in full of the conversion rights attaching to the maximum principal amount of Convertible Bonds, representing: (a) 20% of the existing issued share capital of the Company; and (b) approximately 16.67% of the issued share capital of the Company as enlarged by the issue of the maximum of 2,977,699,636 Conversion Shares on full conversion of the Convertible Bonds.

The initial Conversion Price of HK\$0.10 represents: (i) a premium of approximately 185.71% over the closing price of HK\$0.035 per Share as quoted on the Stock Exchange on the date of signing of the CB Placing Agreement; and (ii) a premium of approximately 182.49% over the average closing price of HK\$0.0354 per Share as quoted on the Stock Exchange for the five trading days immediately prior to the date of signing of the CB Placing Agreement.

Assuming the maximum principal amount of the Convertible Bonds are successfully placed by the Placing Agent, the gross and net proceeds from the CB Placing are estimated to be HK\$297.8 million and approximately HK\$294.8 million, respectively. The net price for the CB Placing is approximately HK\$0.099 per Conversion Share. The Company intends to use the net proceeds from the CB Placing for the repayment of debt and liabilities of the Group, potential investment in a tourism related real estate project in Cambodia and general working capital.

The Convertible Bonds under the CB Placing and the Conversion Shares upon their conversion will be issued under the General Mandate granted to the Directors at the Company's annual general meeting on 3 June 2019. The CB Placing is not subject to any approval by the Shareholders.

WARNING

SHAREHOLDERS AND/OR POTENTIAL INVESTORS OF THE COMPANY SHOULD NOTE THAT COMPLETION OF THE CB PLACING AGREEMENT IS CONDITIONAL UPON THE SATISFACTION OF CONDITION PRECEDENT AND THEREFORE MAY OR MAY NOT PROCEED. SHAREHOLDERS AND/OR POTENTIAL INVESTORS OF THE COMPANY SHOULD THEREFORE EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY. PERSONS WHO ARE IN DOUBT AS TO THE ACTION THEY SHOULD TAKE SHOULD CONSULT THEIR PROFESSIONAL ADVISERS.

THE CB PLACING

On 14 June 2019 (after trading hours), the Company and the Placing Agent entered into the CB Placing Agreement pursuant to which the Placing Agent conditionally agreed to place, on a best effort basis, the Convertible Bonds in the aggregate principal amount of up to HK\$297,769,963.60 to not less than six CB Places.

The Placing Agent is wholly-owned by Chung Sun Financial Holding Limited (“CSFH”), which is in turn a 40%-owned associated corporation of the Group. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the ultimate beneficial owner(s) of the remaining 60% shareholding interest of CSFH is a third party independent of and not connected with the Company and its connected persons.

The Placing Agent will receive a placing commission of 1% of the aggregate principal amount of the Convertible Bonds successfully placed by the Placing Agent to CB Placees procured by it.

The principal terms of the Convertible Bonds are summarized in the section headed “PRINCIPAL TERMS OF THE CONVERTIBLE BONDS” in this announcement.

The CB Placees

Under the terms of the CB Placing Agreement, the Placing Agent shall ensure that all CB Placees are independent individual, professional or institutional investors who (for all CB Placees which are corporations, together with their ultimate beneficial owners) are Independent Third Parties and not connected persons of the Company. It is expected that none of the CB Placees will become a substantial shareholder of the Company as a result of the placing of the Convertible Bonds subscribed by him on an as-converted basis as at the date of completion of the CB Placing (taking into account other securities, if any, already held by such CB Placee at the time of his subscription of the Convertible Bonds). If any of the CB Placees will become a substantial shareholder of the Company on an as-converted basis after completion of the CB Placing, further announcement will be made by the Company.

Conditions precedent to the CB Placing

Completion of the CB Placing Agreement is conditional upon the Company having obtained the approval from the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares upon conversion of the Convertible Bonds, and such approval not having been revoked or cancelled prior to completion of the CB Placing.

The condition above can be waived by any party in any event. The long stop date for the fulfillment of the condition precedent to the CB Placing Agreement is 12 July 2019 (the “**Long Stop Date**”). If the condition precedent to the CB Placing Agreement is not fulfilled at or before 5:00 p.m. on the Long Stop Date, then unless the Company and the Placing Agent mutually agree to further extend the Long Stop Date, the CB Placing Agreement shall lapse and become null and void and the parties to the CB Placing Agreement shall be released from all obligations thereunder forthwith, save for liabilities for any antecedent breaches thereof.

Completion of the CB Placing shall take place within five Business Days after the day on which the condition precedent to the CB Placing Agreement is fulfilled (or such other date as the Company and the Placing Agent may agree in writing).

Termination of the CB Placing Agreement

If at any time on or prior to 12:00 noon on the date of completion of the CB Placing:

- (i) there shall have been, since the date of the CB Placing Agreement, such a change in national or international financial, political or economic conditions or taxation or exchange controls as would, in the opinion of the Placing Agent, be likely to prejudice materially the consummation of the CB Placing; or
- (ii) any breach of any of the representations and warranties set out in the CB Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the CB Placing Agreement and prior to the date of completion of the CB Placing which if it had occurred or arisen before the date of the CB Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provisions of the CB Placing Agreement; or
- (iii) any moratorium, suspension or restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances;

then and in any such case, the Placing Agent may terminate the CB Placing Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is received prior to 12:00 noon on the date of completion of the CB Placing.

In the event the Placing Agent terminates the CB Placing Agreement, all obligations of each of the parties under the CB Placing Agreement shall cease and determine and no party shall have any claim against the other party in respect of any matter arising out of or in connection with the CB Placing Agreement except for any antecedent breach of any obligation under the CB Placing Agreement.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

Issuer	:	The Company
Principal amount	:	Up to HK\$297,769,963.60
Interest	:	Twelve per cent. (12%) per annum, provided that no interest is payable for any part of the Convertible Bonds which are converted into Conversion Shares pursuant to the conditions of the Convertible Bonds.
Maturity Date	:	The day falling on the first anniversary of the date of issue of the Convertible Bonds (or if such date is not a Business Day, the next Business Day)

- Conversion Period** : The period commencing on the date of issue of the Convertible Bonds and ending on the Maturity Date
- Conversion Rights** : Holders of the Convertible Bonds shall have the right to convert the whole or part of the principal amount of the Convertible Bonds into Conversion Shares at the initial Conversion Price of HK\$0.10 per Conversion Share at any time during the Conversion Period, provided always that the holder shall not convert the Convertible Bonds to an extent which would either (a) reduce the public float of the Company to less than 25% (or the relevant percentage as prescribed by the Listing Rules) of the issued Shares or (b) result in any change of control (as defined in the Takeovers Code) of the Company or otherwise trigger any mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the holder of the Convertible Bonds who exercises the conversion rights (or party acting in concert with it) unless the regulatory requirements under the Takeovers Code and the Listing Rules are fully complied with (collectively, the “**Conversion Restrictions**”).
- Conversion Shares** : Based on the initial Conversion Price of HK\$0.10 per Conversion Share and assuming there is no other change in the issued share capital of the Company between the date of this announcement and the full conversion of the Convertible Bonds, 2,977,699,636 Conversion Shares will be allotted and issued by the Company upon exercise in full of the conversion rights attaching to the maximum principal amount of Convertible Bonds, representing: (a) 20% of the existing issued share capital of the Company; and (b) approximately 16.67% of the issued share capital of the Company as enlarged by the issue of the maximum of 2,977,699,636 Conversion Shares on full conversion of the Convertible Bonds.

The aggregate nominal value of the maximum 2,977,699,636 Conversion Shares is HK\$37,221,245.45.

- Conversion Price** : The initial Conversion Price of HK\$0.10 represents: (i) a premium of approximately 185.71% over the closing price of HK\$0.035 per Share as quoted on the Stock Exchange on the date of signing of the CB Placing Agreement; and (ii) a premium of approximately 182.49% over the average closing price of HK\$0.0354 per Share as quoted on the Stock Exchange for the five trading days immediately prior to the date of signing of the CB Placing Agreement.
- Transferability** : The Convertible Bonds are freely transferable, provided that no transfer of the Convertible Bonds to any connected person (as defined in the Listing Rules) of the Company shall be made without the prior written consent of the Company.
- Redemption** : The Convertible Bonds may not be redeemed by the holder before the Maturity Date.
- The Convertible Bonds may be redeemed in whole or part by the Company before the Maturity Date at the redemption price which is equivalent to the principal amount of the redeemed Convertible Bonds plus the accrued coupon interest calculated from the date of issue of the bond up to and including the date of redemption.
- Voting** : The Convertible Bonds shall not confer on the holders the right to vote at any general meetings of the Company.
- Listing** : No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.
- Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares that may be allotted and issued upon the exercise of the conversion rights attaching to the Convertible Bonds.
- Ranking of the Conversion Shares** : The Conversion Shares will, when issued and allotted, rank *pari passu* in all respects among themselves and with all other fully paid Shares in issue.

General Mandate

The Convertible Bonds under the CB Placing and the Conversion Shares upon their conversion will be issued under the General Mandate granted to the Directors at the Company's annual general meeting on 3 June 2019. Pursuant to the General Mandate, the Company was authorized to issue and allot up to 2,977,699,636 Shares, representing 20% of the number of Shares in issue on the date of passing of such resolution. Up to the date of this announcement, the Company has not issued any Shares under the General Mandate. Therefore, the General Mandate is sufficient for the issue and allotment of the maximum Conversion Shares under the issue of maximum principal amount of Convertible Bonds under the CB Placing, and no Shareholders' approval is required.

REASONS FOR AND BENEFITS OF THE CB PLACING AND THE USE OF PROCEEDS

The Group is principally engaged in the manufacturing and sale of packaging materials, tourism and travel business, securities trading and other investing activities, and money lending business.

As disclosed in the Company's annual results announcement and annual report for the year ended 31 December 2018, the Group recorded total liabilities of approximately HK\$1,111 million as at 31 December 2018, and finance costs of approximately HK\$59 million for the year ended 31 December 2018. In addition, our auditor issued a disclaimer of opinion on the Company's consolidated financial statements for the year ended 31 December 2018 on the basis of, amongst other things, the overdue of bonds payable by the Group of approximately HK\$64 million (plus interest), the Group's inability to extend the maturity date of bonds payable of approximately HK\$424.4 million (plus interest) which became due, and certain litigation filed by creditors against the Group regarding a sum of HK\$60 million (plus interest), all indicating the existence of material uncertainty and casting significant doubt on the Group's ability to continue as a going concern.

In November 2018, the Company launched a share placement seeking to raise net proceeds of approximately HK\$102.31 million which was intended for repayment of debt and liabilities. The share placement lapsed on 21 December 2018. The Directors therefore consider that it is desirable to launch another fund-raising with significantly larger amount of intended net proceeds, in an effort to reduce the Group's liabilities to a lower level.

In addition, the Company is continuously exploring business opportunities to diversify the Group's investment portfolio and income stream. Recently, the Company entered into preliminary negotiations with a tourism-related real estate project in Cambodia. The Company currently envisages that if this investment opportunity materializes, it may constitute a discloseable transaction for the Company. As the negotiation is still ongoing, no contract terms are finalized and no binding agreement is signed up to now. Further announcement will be made by the Company if there is any development on this investment opportunity.

Assuming the maximum principal amount of the Convertible Bonds are successfully placed by the Placing Agent, the gross and net proceeds from the CB Placing are estimated to be HK\$297.8 million and approximately HK\$294.8 million, respectively. The net price for the CB Placing is approximately HK\$0.099 per Conversion Share. The Company intends to use the net proceeds from the CB Placing for the repayment of debt and liabilities of the Group, potential investment in a tourism related real estate project in Cambodia and general working capital.

The terms of the CB Placing Agreement (including the placing commission) and the Convertible Bonds (including the Conversion Price and the interest rate) were determined after arm's length negotiations between the Company and the Placing Agent with reference to, among other things, the recent trading price of the Shares, the prevailing market rate of placing commission, and the market interest rates of unsecured loans. Notwithstanding the potential dilution effect which may arise from the conversion of the Convertible Bonds, having considered that (i) the CB Placing offer a good opportunity for the Company to raise a significant amount of additional funding to improve the financial position of the Group; and (ii) the terms of the CB Placing Agreement and the Convertible Bonds (including the Conversion Price and the interest rate) are fair and reasonable, the Directors (including the independent non-executive Directors) are of the view that the CB Placing is in the interests of the Company and the Shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST TWELVE MONTHS

The Company has successfully conducted any equity fund raising exercises in the past twelve months immediately preceding the date of this announcement. As stated above, the share placement launched by the Company as disclosed in the Company's announcement dated 22 November 2018 lapsed on 21 December 2018.

SHAREHOLDING STRUCTURE OF THE COMPANY

The table below illustrates the shareholding structures of the Company (i) as at the date of this announcement; and (ii) immediately after the allotment and issue of all the Conversion Shares upon full exercise of conversion rights attaching to the maximum principal amount of the Convertible Bonds, assuming there is no other change in the issued share capital of the Company between the date of this announcement and the full conversion of the Convertible Bonds:

	As at the date of this announcement		Immediately after full conversion of the maximum Convertible Bonds	
	<i>No. of shares</i>	<i>%</i>	<i>No. of shares</i>	<i>%</i>
Lu Hongying (<i>Note 1</i>)	2,678,460,000	17.99	2,678,460,000	14.99
東泰友邦物流集團有限公司 (<i>Note 2</i>)	1,070,000,000	7.19	1,070,000,000	5.99
CB Placees	–	–	2,977,699,636	16.67
Other public Shareholders	11,140,038,183	74.82	11,140,038,183	62.35
Total	14,888,498,183	100.00	17,866,197,819	100.00

Notes:

1. According to disclosure of interest (“DI”) filings, Lu Hongying is directly interested in 421,320,000 Shares and is indirectly interested in 1,464,160,000 Shares and 792,980,000 Shares through her controlled corporations, Summer Glitter Limited and Khmer Resources Investment Holding Group Company Limited, respectively.
2. According to DI filings, 東泰友邦物流集團有限公司, a company owned as to 70% by Yang Liu Fei, is interested in 1,070,000,000 Shares.
3. The percentages are subject to rounding differences.

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DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	any day (other than a Saturday, Sunday or a day on which a typhoon signal no. 8 or above or black rainstorm signal is hoisted in Hong Kong between 9:00 a.m. to 5:00 p.m.) on which banks in Hong Kong are open for business
“CB Placees”	any independent individual, professional or institutional investors whom the Placing Agent and/or any of its sub-placing agent(s) have procured to subscribe for any of the Convertible Bonds under the CB Placing
“CB Placing”	the placing of the Convertible Bonds (on best effort basis) on the terms and subject to the conditions of the CB Placing Agreement

“CB Placing Agreement”	the conditional placing agreement entered into between the Company and the Placing Agent dated 14 June 2019 in relation to the CB Placing (on best effort basis)
“Company”	Ming Lam Holdings Limited, a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the Main Board of the Stock Exchange with stock code 1106
“connected persons”	having the meaning ascribed to it under the Listing Rules
“Conversion Period”	the period commencing on the date of issue of the Convertible Bonds and ending on the Maturity Date
“Conversion Price”	HK\$0.10 per Conversion Shares
“Conversion Shares”	the new Shares to be allotted and issued by the Company upon the exercise of the conversion rights attaching to the Convertible Bonds
“Convertible Bonds”	the one-year, 12% p.a. convertible bonds proposed to be issued by the Company in the aggregate principal amount of up to HK\$297,769,963.60, to be placed by the Placing Agent on best effort basis under the CB Placing Agreement
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate which was granted to the Directors pursuant to an ordinary resolution passed at the Company’s annual general meeting on 3 June 2019 to issue and allot up to 2,977,699,636 Shares, representing 20% of the number of Shares in issue on the date of passing such resolution
“Group”	collectively, the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party(ies)”	persons who themselves (and in the case of any corporate entities, their ultimate beneficial owners) are, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, third parties independent of, and not connected with, the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange
“Maturity Date”	the day falling on the first anniversary of the date of issue of the Convertible Bonds or if such date is not a Business Day, the next Business Day
“Placing Agent”	Chung Sun Securities Limited, a 40%-owned associated corporation of the Group which is licensed to carry out type 1 (dealing in securities) and type 2 (dealing in futures contracts) regulated activities under the SFO
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.0125 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholders”	having the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board
Ming Lam Holdings Limited
Li Zhenzhen
Chairman

Hong Kong, 14 June 2019

As at the date of this announcement, the Board comprises of Ms. Li Zhenzhen, Mr. Lam Wai Hung, Mr. Wang Xin, Mr. Wei Liyi and Mr. Chan Wai Keung as the executive Directors; Mr. Lee Tao Wai, Mr. Lam Hoi Lun and Ms. Lee Yin Ting as the independent non-executive Directors.

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