
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in China Public Procurement Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee, or to the bank, stockbroker, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular appears for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of China Public Procurement Limited.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.



CHINA PUBLIC PROCUREMENT LIMITED

中國公共採購有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 1094)

- (1) PLACING OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE;
(2) RE-ELECTION OF DIRECTORS;
AND
(3) NOTICE OF SPECIAL GENERAL MEETING**

Placing Agent



A notice convening the special general meeting of the Company to be held at Meeting Room S3B, Building 5, SCE Plaza Phase 1, Minhang District, Shanghai, PRC on Tuesday, 15 February 2022 at 11:00 a.m. is set out on pages SGM-1 to SGM-3 of this circular. Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting (i.e. by 11:00 a.m. on Sunday, 13 February 2022) or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

All times and dates specified herein refer to Hong Kong local times and dates.

13 January 2022

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	5
Appendix — Biographical Details of Directors Proposed to be Re-elected at the SGM	35
Notice of Special General Meeting	SGM-1

DEFINITIONS

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

“acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Bondholder(s)”	the person(s) who for the time being is the holder of the Convertible Bond(s)
“Business Day(s)”	a day on which banks in Hong Kong are open for business, other than (i) a Saturday or a Sunday; or (ii) a day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon on which banks generally are open for business in Hong Kong
“Bye-laws”	the bye-laws of the Company, as amended, modified or otherwise supplemented from time to time
“CB Placing”	the proposed placing of the Convertible Bonds by the Placing Agent, on a best effort basis, to Placees procured by it and subject to the terms and conditions set out in the CB Placing Agreement
“CB Placing Agreement”	the agreement entered into between the Company and the Placing Agent dated 3 December 2021 in respect of the CB Placing
“Company”	China Public Procurement Limited (中國公共採購有限公司), a company incorporated in the Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Completion”	the completion of the CB Placing

DEFINITIONS

“Completion Date”	the fifth Business Day after the day on which the notification in writing has been given from the Company to the Placing Agent that conditions precedent of the CB Placing Agreement have been fulfilled and Completion shall take place (or such other time or date as the Company and the Placing Agent shall agree in writing)
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Conversion Price”	the initial conversion price of HK\$1.5 (subject to adjustment) at which the Conversion Shares will be issued upon conversion of the Convertible Bond
“Conversion Rights”	the rights pursuant to the terms and conditions of the Convertible Bonds attaching to each Convertible Bond to convert the principal amount or a part thereof into Shares
“Conversion Share(s)”	Shares fall to be allotted and issued upon the exercise of the Conversion Rights attaching to the Convertible Bonds
“Convertible Bonds”	up to HK\$75,000,000, 7-year, 5% coupon unsecured convertible bonds to be issued by the Company in accordance with the terms of the CB Placing Agreement
“Current Market Price”	in respect of a Share at a particular date, the average of the closing price published in the Stock Exchange’s daily quotations sheet for one Share for the 10 consecutive dealing days ending on the dealing day immediately preceding such date
“Director(s)”	the director(s) of the Company
“Group”	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

DEFINITIONS

“Independent Third Party(ies)”	party(ies) which is/are independent of and not connected with the Company and its connected persons (as defined under the Listing Rules) or parties acting in concert with any other person in relation to the Company, and is not directly or indirectly funded by any person who is acting in concert with the Company
“Latest Practicable Date”	7 January 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Committee”	the listing committee appointed by the Stock Exchange for considering applications for listing and approving the listing of and dealing with securities on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	4:00 p.m. (Hong Kong time) on the date which is four months from the date of the CB Placing Agreement, or such other time and date as the Company and the Placing Agent may agree in writing
“Placee(s)”	any individual(s), institutional or other professional investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Convertible Bonds pursuant to the CB Placing Agreement
“Placing Agent”	Maxa Capital Limited, a licensed corporation permitted to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“PRC”	the People’s Republic of China which shall, for the purpose of this circular, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

DEFINITIONS

“Re-election”	the proposed re-election of (i) Ms. Wu Siyuan; (ii) Ms. Liu Qian; and (iii) Mr. Li Shun as Directors
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be held at Meeting Room S3B, Building 5, SCE Plaza Phase 1, Minhang District, Shanghai, PRC on Tuesday, 15 February 2022 at 11:00 a.m., to consider and, if appropriate, to approve (i) the CB Placing Agreement and the transaction contemplated thereunder and the Specific Mandate; and (ii) the Re-election, or any adjournment thereof
“Share(s)”	the ordinary share(s) of the Company of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s) from time to time
“Specific Mandate”	the specific mandate to be sought from the Shareholders at the SGM to authorise the Directors to allot, issue and deal with the Conversion Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	any of the persons who are deemed to be subsidiaries of the Company in accordance with the Companies Ordinance (Chapter 622 of the laws of Hong Kong) from time to time
“substantial Shareholder”	has the meaning ascribed thereto in the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers and Share Buy-backs published by the SFC
“%”	per cent

LETTER FROM THE BOARD



CHINA PUBLIC PROCUREMENT LIMITED

中國公共採購有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 1094)

Executive Directors:

Mr. Zheng Jinwei (*Chairman*)

Ms. He Qian

Ms. Wu Siyuan (*Chief Executive*)

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Non-executive Directors:

Ms. Liu Qian

Mr. Li Shun

*Head office and principal place of business
in Hong Kong:*

Unit 501, 5/F.

Independent non-executive Directors:

Mr. Deng Xiang

Mr. Jiang Jun

Mr. Wang Shuai

Mr. Zhong Dengyu

Tower Two, Lippo Centre

89 Queensway, Admiralty

Hong Kong

13 January 2022

To the Shareholders

Dear Sir/Madam

(1) PLACING OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE;

(2) RE-ELECTION OF DIRECTORS;

AND

(3) NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

Reference is made to the announcement of the Company dated 3 December 2021 in relation to the CB Placing and the transactions contemplated thereunder.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, amongst other things, further information relating to (i) the CB Placing and the transactions contemplated thereunder; (ii) the Re-election; and (iii) a notice of the SGM.

(1) PLACING OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE

The CB Placing Agreement

Date:

3 December 2021 (after trading hours)

Issuer:

The Company

Placing Agent:

Maxa Capital Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

The Placing Agent will charge the Company a placing commission equivalent to 1% of the aggregate subscription monies for the Convertible Bonds placed plus all other legal, other professional fees and out-of-pocket expenses reasonably incurred by the Placing Agent in relation to the CB Placing. The CB Placing commission was determined with reference to, amongst other things, the prevailing market rate after arm's length negotiation between the Company and the Placing Agent. The Directors consider that the terms of the CB Placing Agreement, including the CB Placing commission, are fair and reasonable based on the current market conditions and the CB Placing is in the interests of the Company and the Shareholders as a whole.

Placees:

The Placing Agent agreed to procure Placees to subscribe for the Convertible Bonds on terms and conditions set out in the CB Placing Agreement on a best effort basis. The Placing Agent undertakes to use its best endeavours to procure confirmations from its Placees confirming the Placees are professional, institutional and/or private investors who and whose ultimate beneficial owners are Independent Third Parties and none of the Placees will become a substantial Shareholder as a result of the CB Placing.

LETTER FROM THE BOARD

As at the Latest Practicable Date, no Placee has been identified.

Conditions precedent to the CB Placing Agreement

Completion of the CB Placing is conditional upon:

- (i) the passing of a resolution at the SGM by Shareholders to approve the CB Placing Agreement and the transactions contemplated thereunder, the Specific Mandate to issue the Convertible Bonds and to issue and allot the Conversion Shares upon the exercise of the Conversion Rights attached to the Convertible Bonds;
- (ii) the Listing Committee agreeing to grant the listing of and permission to deal in all the Conversion Shares which may fall to be issued upon the conversion of the Convertible Bonds (either unconditionally or subject to conditions which are acceptable to the Company and the Placing Agent); and
- (iii) no representation, warranty or undertaking under the CB Placing Agreement having been breached in any material respect by the Company or is otherwise rendered inaccurate, untrue or misleading in any material respect, in each case on or prior to the Completion Date.

The Company shall each use its best endeavours to procure the fulfilment of the above conditions precedent on or before the Long Stop Date. If the above conditions precedent are not fulfilled by 4:00 p.m. on the Long Stop Date (or such other date as agreed between the Company and the Placing Agent in writing), the CB Placing Agreement shall thereupon lapse and become null and void and all rights, obligations and liabilities of the Company nor the Placing Agent in relation to the CB Placing shall cease and determine and neither the Company nor the Placing Agent shall have any claim against each other in respect of the CB Placing, save for any antecedent breaches of the CB Placing Agreement.

As at the Latest Practicable Date, none of the above conditions has been fulfilled.

LETTER FROM THE BOARD

Termination of the CB Placing Agreement

If any of the following events shall occur at any time on or prior to 12:00 noon on the Completion Date, the Placing Agent may terminate the CB Placing Agreement by giving notice in writing to the Company, provided that such notice is received prior to 12:00 noon on the Completion Date, without liability to the Company and 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 breaches of the CB Placing Agreement:

- (i) there shall have been, since the date of the CB Placing Agreement, such a change in local, 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 Completion Date 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; or
- (iv) any statement contained in the announcement of the Company dated 3 December 2021 in relation to the CB Placing and the transactions contemplated thereunder was, when it was issued, or has become, untrue or incorrect in any material respect or misleading.

Completion

Subject to the fulfilment of the conditions precedent to the CB Placing Agreement and the performance by the Placing Agent of its obligations thereunder, the Completion shall take place at or before 4:00 pm (or at such other time as the Company and the Placing Agent may agree in advance) on the Completion Date.

LETTER FROM THE BOARD

Specific Mandate

The Conversion Shares will be allotted and issued pursuant to the Specific Mandate which is subject to Shareholders' approval at the SGM.

PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

Set out below are the principal terms of the Convertible Bonds:

Issuer:	The Company
Principal amount:	Up to HK\$75,000,000
Maturity date:	The date falling on the expiry of seven years from the date of issue of the Convertible Bonds, provided that if such day is not a Business Day, the Business Day immediately after such date (the " Maturity Date ")
Interest:	5% per annum
Conversion Price:	HK\$1.5 per Conversion Share, subject to adjustments. The initial Conversion Price of HK\$1.5 per Conversion Share represents: (i) a discount of approximately 1.96% to the closing price of HK\$1.53 per Share as quoted on the Stock Exchange on the date of the CB Placing Agreement; (ii) a discount of approximately 6.13% to the average of the closing prices for the five consecutive trading days immediately prior to the date of the CB Placing Agreement as quoted on the Stock Exchange of HK\$1.598 per Share; (iii) a premium of approximately 2.74% to the closing price of HK\$1.46 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

LETTER FROM THE BOARD

- (iv) a premium of approximately 105.48% over the unaudited consolidated net asset value per Share attributable to owners of the Company of approximately HK\$0.73 per Share as at 30 June 2021 based on a total of 293,083,725 Shares in issue as at the Latest Practicable Date and the unaudited consolidated net asset value attributable to owners of the Company of approximately HK\$213,560,000 as at 30 June 2021; and

- (v) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of a discount of approximately 0.88% represented by the theoretical diluted price of approximately HK\$1.584 per Share to the benchmarked price of approximately HK\$1.598 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the closing price on the date of the CB Placing Agreement of HK\$1.53 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the date of the CB Placing Agreement of HK\$1.598 per Share).

LETTER FROM THE BOARD

The net Conversion Price, after deduction of relevant expenses, is approximately HK\$1.45 per Conversion Share. The initial Conversion Price was arrived at after arm's length negotiations between the Company and the Placing Agent with reference to, among others, the prevailing market performance of the Shares. Having primarily considered that (i) the Conversion Price of HK\$1.5 per Conversion Share represents slight discount of approximately 1.96% and 6.13% respectively over both the closing price per Share as quoted on the Stock Exchange on the date of the CB Placing Agreement and the average closing price per Share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the CB Placing Agreement; and (ii) the daily closing price of the Shares for the two months immediately prior to the date of the CB Placing Agreement as quoted on the Stock Exchange had a range of HK\$1.33 to HK\$1.99, the Directors consider that the Conversion Price is fair and reasonable.

Adjustments to the Conversion Price:

The Conversion Price will be subject to adjustments upon the occurrence of the following events:

- (i) if and whenever there is an alteration to the nominal value of the Shares as a result of consolidation, sub-division or re-classification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such alteration by the following fraction:

$$A \div B$$

where:

A is the nominal amount of one Share immediately after such alteration; and

B is the nominal amount of one Share immediately before such alteration.

LETTER FROM THE BOARD

Such adjustment shall become effective on the date the alteration takes effect. Any such adjustment shall be subject to any subsequent adjustment.

- (ii) if and whenever the Company shall make any bonus issue other than Shares issued in lieu of a cash dividend, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue by the following fraction:

$$A \div B$$

where:

A is the aggregate nominal amount of the issued Shares immediately before such issue; and

B is the aggregate nominal amount of the issued Shares immediately after such issue.

Such adjustment shall become effective from the earlier of the commencement of the day immediately following the record date for such issue (if any) and the date of issue of such Shares. In the event the Shares are not subsequently issued pursuant to such bonus issue, an appropriate re-adjustment to the Conversion Price will be made to put the parties in a position as if the relevant event had not occurred. Any such adjustment shall be subject to any subsequent adjustment.

LETTER FROM THE BOARD

(iii) if and whenever the Company shall pay or make any capital distribution to the Shareholders, other than in cash only or any cash dividend and the relevant Bondholder(s) elect not to participate in such capital distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such capital distribution by the following fraction:

$$(A - B) \div A$$

where:

A is the Current Market Price of one Share on the dealing day immediately preceding the date on which the capital distribution is publicly announced; and

B is the fair market value on the date of such announcement (or as the case may require, the dealing date falling on the date of the capital distribution), as determined in good faith by the auditors or the approved merchant bank, acting as an expert, of the portion of the capital distribution attributable to one Share.

Provided that if in the opinion of the Company or the Bondholder(s) (as evidenced by an ordinary resolution of the Bondholder(s)), the fair market value as aforesaid produces a result which is significantly inequitable, the Company or the Bondholder(s) may require by ordinary resolution that the auditors or the approved merchant bank, acting as an expert, to instead determine (and in such event the above formula shall be construed accordingly) the amount which should properly be attributed to the value of the capital distribution.

LETTER FROM THE BOARD

Such adjustment shall become effective on the date of the capital distribution or if a record date is fixed for such purpose, immediately after such record date. In the event such capital distribution is not actually made, an appropriate re-adjustment to the Conversion Price will be made to put the parties in a position as if the relevant event had not occurred. Any such adjustment shall be subject to any subsequent adjustment.

- (iv) if and whenever the Company shall issue to all or substantially all Shareholders new Shares for subscription by way of rights, or issue or grant to all or substantially all Shareholders as a class by way of rights, options, warrants or other rights to subscribe for or purchase any Shares at a price per Share which is less than 70% of the Current Market Price per Share on the dealing day immediately preceding the date of the announcement of the terms of the issue or grant of such Shares, options, warrants or other rights, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue or grant by the following fraction:

$$\{A + B\} \div \{A + C\}$$

where:

- A is the number of Shares in issue immediately before the date of such announcement;
- B is the number of Shares which the aggregate amount (if any) payable for the Shares issued by way of rights, or for the options or warrants or other rights issued by way of rights and for the total number of Shares comprised therein, would subscribe for, purchase or otherwise acquire at such Current Market Price per Share; and

LETTER FROM THE BOARD

C is the aggregate number of Shares issued or, as the case may be, comprised in the issue or grant, or in the case of an issue or grant of options, warrants or other rights to subscribe for or purchase any Shares, the maximum number of Shares which could be issued upon exercise in full of the rights to subscribe for, purchase or otherwise acquire Shares at the initial conversion or exchange or subscription price or rate.

Such adjustment shall become effective on the date of issue of such Shares or issue or grant of such options, warrants or other rights (as the case may be) or if a record date is fixed for such purpose, the first date on which the Shares are traded ex-rights, ex-options, ex-warrants (as the case may be) on the relevant stock exchange. In the event that the Shares are not issued or the options, warrants or other rights are not issued or granted (as the case may be) pursuant to the rights issue, an appropriate re-adjustment to the Conversion Price will be made to put the parties in a position as if the relevant event had not occurred. Any such adjustment shall be subject to any subsequent adjustment.

LETTER FROM THE BOARD

- (v) if and whenever the Company issues any securities (other than Shares or options, warrants or other rights to subscribe for or purchase any Shares) to all or substantially all Shareholders as a class by way of rights or grants by way of rights, options, warrants or other rights to subscribe for or purchase any securities (other than Shares or options, warrants or other rights to subscribe for or purchase any Shares), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue or grant by the following fraction:

$$(A - B) \div A$$

where:

A is the Current Market Price of one Share on the dealing day immediately preceding the date on which such issue or grant is publicly announced; and

B is the fair market value on the date of such announcement as determined in good faith by the auditors or an approved merchant bank, acting as an expert, of the portion of the rights attributable to one Share.

Provided that if in the opinion of the Company or the Bondholder(s) (as evidenced by an ordinary resolution of the Bondholder(s)), the fair market value as aforesaid produces a result which is significantly inequitable, the Company or the Bondholder(s) may require by ordinary resolution that the auditors or the approved merchant bank, acting as an expert, to instead determine (and in such event the above formula shall be construed accordingly) the amount which should properly be attributed to the value of the rights issue.

LETTER FROM THE BOARD

Such adjustment shall become effective on the date of issue of the securities or if a record date is fixed for such purpose, the first date on which the Shares are traded ex-rights, ex-options, ex-warrants (as the case may be) on the relevant stock exchange. In the event that such securities are not issued or granted (as the case may be) pursuant to the rights issue, an appropriate re-adjustment to the Conversion Price will be made to put the parties in a position as if the relevant event had not occurred. Any such adjustment shall be subject to any subsequent adjustment.

- (vi) if and whenever the Company issues wholly for cash any Shares or issue or grants any options, warrants or other rights to subscribe for or purchase any Shares at a price which is less than 70% of the Current Market Price per Share on the dealing day immediately preceding the date of announcement of the terms of such issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue by the following fraction:

$$\{A + B\} \div \{A + C\}$$

where:

- A is the number of Shares in issue immediately before the issue of such additional Shares or the grant of such options, warrants or other rights to subscribe for or purchase any Shares;
- B is the number of Shares which the aggregate consideration (if any) receivable for the issue of such additional Shares would purchase at such Current Market Price per Share; and

LETTER FROM THE BOARD

C is the maximum number of Shares to be issued pursuant to such issue of such additional Shares or upon exercise of the options, warrants or other rights at the initial conversion or exchange or subscription rate or price.

References to additional Shares in the above formula shall, in the case of an issue by the Company of options, warrants or other rights to subscribe or purchase Shares, mean such number of Shares to be issued assuming that such options, warrants or other rights are exercised in full at the initial exercise price on the date of issue of such options, warrants or other rights.

Such adjustment shall become effective on the date of issue or grant of such additional Shares, options, warrants or other rights. Any such adjustment shall be subject to any subsequent adjustment.

(vii) if the Company or any of its subsidiaries or any other person (at the direction or request of or pursuant to any arrangements with the Company or any of its subsidiaries) issues wholly for cash any securities (other than the Convertible Bonds) convertible into Shares at a consideration per Share which is less than 70% of the Current Market Price per Share on the dealing day immediately preceding the date of announcement of the terms of such securities (or the terms of such grant), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such issue or grant by the following fraction:

$$\{A + B\} \div \{A + C\}$$

LETTER FROM THE BOARD

where:

- A is the number of Shares in issue immediately before such issue or grant;
- B is the number of Shares which the aggregate consideration (if any) receivable by the Company for the Shares to be issued upon conversion or exchange or upon the exercise of the right of subscription attached to such securities would purchase at such Current Market Price per Share; and
- C is the maximum number of Shares to be issued upon conversion or exchange of such securities or upon the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate.

Such adjustment shall become effective on the date of issue or grant of such securities. Any such adjustment shall be subject to any subsequent adjustment.

(viii) if and whenever the Company or any of its subsidiaries or any other person (at the direction or request of the Company or any of its subsidiaries) issues, sells or distributes any securities in connection with any offer pursuant to which the Shareholders are generally (meaning for these purposes the holders of at least 50% of the Shares outstanding at the time such offer is made) entitled to acquire such securities (except otherwise subject to other adjustment events), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the making of such offer by the following fraction:

$$(A - B) \div A$$

LETTER FROM THE BOARD

where:

- A is the Current Market Price of one Share on the dealing day immediately preceding the date on which the terms of such offer are publicly announced; and
- B is the fair market value on the date of such announcement, as determined in good faith by the auditors or an approved merchant bank, acting as an expert, of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue, sale or distribution of the securities. Any such adjustment shall be subject to any subsequent adjustment; or

- (ix) if the Company or the Bondholder(s) determine by ordinary resolution otherwise determines that an adjustment should be made to the Conversion Price, the Company or such Bondholder(s) may, at the expense of the Company, request either the auditors or an approved merchant bank, acting as expert, to determine as soon as practicable:
 - (a) what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereof and is appropriate to give the result which the auditors or the approved merchant bank consider in good faith to reflect the intentions of the provisions for adjustments; and
 - (b) the date on which such adjustment should take effect; and

LETTER FROM THE BOARD

upon such determination such adjustment (if any) shall be made and shall take effect in accordance with such determination, provided that an adjustment shall only be made if the auditors or such approved merchant bank is so requested to make such a determination.

Conversion Shares:

Assuming full exercise of the Conversion Rights attaching to the Convertible Bonds at the initial Conversion Price of HK\$1.5 per Conversion Share, a maximum of 50,000,000 new Shares will be allotted and issued by the Company, representing:

- (i) approximately 17.06% of the total number of issued Shares as at the Latest Practicable Date; and
- (ii) approximately 14.57% of the total number of issued Shares as enlarged by the issue of 50,000,000 Conversion Shares (assuming there is no other change in the issued share capital of the Company between the Latest Practicable Date and the full conversion of the Convertible Bonds).

Upon full conversion, the Conversion Shares have an aggregate nominal value of HK\$5,000,000.

Conversion period:

The period commencing from date of first issue of the Convertible Bonds up to 4:00 p.m. on the five Business Days immediately before the Maturity Date (the “**Conversion Period**”).

Conversion Rights:

Each Bondholder shall have the right, exercisable during the Conversion Period in the manner provided in the terms and conditions of the Convertible Bonds, to convert the whole or any part (subject to the terms and conditions of the Convertible Bonds, in minimum amount of or in multiples of HK\$1,000,000) of the outstanding principal amount of the Convertible Bonds held by such Bondholder into Shares subject to adjustments.

LETTER FROM THE BOARD

Events of default:

The Convertible Bonds contain events of default provisions which provide that on the occurrence of any of the following events of default, each of the Bondholders shall be entitled to demand for immediate repayment of the principal amount outstanding with interest under the relevant Convertible Bonds:

- (a) the Company fails to pay such Bondholder the principal and/or interest on the Convertible Bonds when due unless the non-payment is due solely to administrative or technical error and payment is made within seven Business Days of the due date thereof;
- (b) a default is made by the Company in the performance or observance of any covenant, condition or provision contained in the instrument or in the Convertible Bonds (other than a default specified in (a) above) and on its part to be performed or observed and such default continues for the period of 14 days next following the service by any Bondholder on the Company of notice specifying brief details of such default and requiring such default to be remedied;
- (c) a resolution is passed or an order of a court of competent jurisdiction is made that the Company be wound up or dissolved or the Company disposes of all or substantially all of its assets, otherwise, in any such case, than for the purposes of or pursuant to and followed by a consolidation, amalgamation, merger or reorganisation, the terms of which shall have previously been approved in writing by an ordinary resolution of Bondholder(s);
- (d) an encumbrancer takes possession or a receiver, manager, administrator or other similar officer is appointed of the whole or a material part of the property, assets or undertaking of the Company or its subsidiaries;

LETTER FROM THE BOARD

- (e) a distress, execution or seizure before judgment is levied or enforced upon or sued out against a material part of the property of the Company and is not discharged within three days thereof;
- (f) in the event of winding-up, liquidation, insolvency or receivership of the Company or a material subsidiary with operating business of the Company or any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs; or
- (g) the Shares (as a class) cease to be listed on the Stock Exchange or a recognised stock exchange, for the avoidance of doubt excluding temporary suspension of trading or trading halt.

Redemption at Maturity:

Unless previously redeemed or converted or purchased and cancelled as provided herein, the Company will redeem each Convertible Bond on the Maturity Date at the Redemption Amount which is equal to 100% of the principal amount of the outstanding Bonds.

Early redemption:

The Company may, by giving not less than 30 nor more than 60 days' notice to the relevant Bondholder(s), redeem the relevant outstanding Convertible Bond(s) at 100% of the outstanding principal amount held by such Bondholder(s) together with interest accrued but unpaid to such date (if any).

Transferability:

The Convertible Bonds may be transferred to any person in whole multiples of HK\$1,000,000 (or such lesser amount as may represent the entire principal amount thereof).

LETTER FROM THE BOARD

Ranking: The Conversion Shares shall rank pari passu in respect of the voting rights with all other Shares in issue on the date of issue and allotment of the Conversion Shares except that they will not rank for any voting rights where the entitlement to voting rights accrues to the Shareholders by reference to a record date which precedes the date of issue and allotment of the Conversion Shares.

The Conversion Shares shall be entitled to all dividends, bonuses and other distributions, the record date of which falls on a date on or after the date of issue and allotment of the Conversion Shares.

Status: The obligations of the Company arising under the Convertible Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and rank equally among themselves and pari passu with all other present and future unsecured and unsubordinated obligations and/or indebtedness of the Company.

Application for listing: No application shall be made to the Stock Exchange for the listing of the Convertible Bonds. The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

REASONS FOR THE CB PLACING AND USE OF PROCEEDS

Assuming all the Convertible Bonds are successfully placed by the Placing Agent, the gross proceeds from the CB Placing will be HK\$75,000,000 and the Company intends to use the net proceeds of approximately HK\$72,500,000 from the CB Placing for (i) expanding the existing procurement and tendering business of the Group to customers in two sectors: (a) trading industry as to approximately HK\$40,000,000; and (b) new energy industry as to approximately HK\$20,000,000; and (ii) general working capital as to approximately HK\$12,500,000.

Over the year of 2021, the Group has successfully improved and upgraded its IT techniques and capabilities to facilitate procurement and tendering processes for clients in the private business sector, which is a big step forward from its traditional governmental clientele in the past.

LETTER FROM THE BOARD

Different from the governmental clientele who must conform to unified and fixed regulatory procedures and standards for public procurement matters, the private sector clients' needs and requests vary widely, which means that the Group's software package (the "IT Solutions") must be restructured to be accommodating and flexible to cater to the preferences of varied private business users. The software bespoke to individual private users will enable the users to create and send bidding news via major public procurement websites and to receive tender proposals from interested bidders that satisfy the criteria set by the users. The users may then review and assess the tender proposals with reference to their skills, certifications, prices, etc., and, if needed, with reference to the recommendations provided by practitioners in the relevant industries, which are available for viewing through the IT solutions. Having selected the ideal bidders, the users could then enter into contracts with the selected bidders through the IT solutions that have been embedded with enhanced security settings and advanced features which enable safe and reliable electronic signature.

The Group has been minded to expand its customer base for the IT solutions to the trading industry as there are a lot of bidding and tendering opportunities in this industry. To open up this niche market quickly, the Group plans to provide some funding facilitation in addition to our newly developed software. For those trade clients who may adopt our new IT solutions (the "Users"), the Group plans to purchase goods on behalf of the Users from the selected bidders first, according to the contracts signed over the new software between the bidders and the Users. The Group may hold the goods for a short period of time as per mutual agreements between the Group and the Users before reselling the goods to the Users. Thereby, the Users who have secured their goods via the Group and its software could experience benefits in twofold. On one hand, having been able to source goods from ideal suppliers with favourable prices by utilising the IT solutions, the Users could potentially enjoy lower procurement costs and a greater profit margin. On the other hand, having had the Group making the payments for the purchases on their behalf, the Users could retain more working capital for their own business purposes before purchasing the goods from the Group within the agreed timeframe. After all, the Group can enjoy a profit from providing the IT solutions and in the trading of the goods. The management believes that the plan above is enticing to potential clients from the trading industry and should incentivise them to adopt the newly developed IT solutions in their procurement processes and therefore is seeking to utilise approximately HK\$40,000,000 out of the net proceeds from the issue of the Convertible Bonds to this end.

The main risks associated with the above mentioned business approach are credit risk that may arise from the sale of goods from the bidders and the payments from the Users and the operational risk that may arise from the delivery of the trading goods from the selected bidders to the Users along the supply chain. The management has assessed those risks and are of the opinion that the total risks arising from this business approach is no more than, if not less than, the existing risks that the Group is facing and therefore the Group is able to manage the risks well.

LETTER FROM THE BOARD

Since the Group has been engaged in the provision of corporate IT solutions business and the trading business for over a decade, the above-mentioned business approach is merely, in essence, an extension from the existing business model of the Group by applying the Group's experience in the trading business onto the furtherance of the sales of the Group's IT solutions to potential customers engaged in the trading business. With over a decade's experience, the Group has built up a set of mature and comprehensive risk management and internal control mechanism to monitor and control risks arising out of its businesses, which is reviewed by the audit committee of the Board annually at least. In addition, the Group shall take the following measures to control each main risk:

For the credit risk:

- (i) as part of the tendering procedure, the bidders would submit their background information, which is more extensive and detailed than the information that the Group may receive in its ordinary trading business dealings. The extra information would provide the Group with a clearer and more complete profile of those selected bidders in terms of their technical ability, financial credibility, past trading record, and so on and hence enable the Group to minimise the risks of fraud or default by way of a more thorough credit risk assessment;
- (ii) leveraging on its experience and expertise in trading business, the Group has the capability to identify goods with high liquidity and demand. The Group shall only market the IT solutions to potential Users that are engaged in the trading of such types of goods such that if a User cancels the order after the Group has purchased the goods on its behalf or fails to make payments to the Group, given the goods are highly liquid and strong in demand and coupled with the Group's sizeable distribution network, the Group would be able to sell such goods quickly without causing much loss;
- (iii) the Group shall also request for deposits or bills of exchange from Users to minimise the risk of default;
- (iv) the Group has adopted the policy of limiting the period of holding such goods on behalf of the Users to not more than two weeks to keep under control its total cash amount tied to this business approach and the exposure to risks;

For the operational risk:

- (v) the agreements that the Group shall enter into with the Users would make the resale of the goods to the Users conditional on the complete delivery of goods from the selected bidders on time;

LETTER FROM THE BOARD

- (vi) the Group has deployed experienced and designated staff to carry out this business approach and monitor those transactions; and
- (vii) during the period of holding such goods, the Group shall engage reputable warehouse operators for the storage and logistics companies for the delivery of the goods. The Group shall ensure that the necessary insurance policies are in place which shall sufficiently cover the period until the goods are transferred to the Users.

In September 2020, President Xi Jinping publicly announced that the PRC has committed to achieving carbon emission peak by 2030 and carbon neutrality by 2060. Accordingly, the central government has implemented various initiatives and policies and has provided incentives to promote the use of new energy in enterprises. For example, on 26 October 2021, the State Council issued the Action Plan for Carbon Dioxide Peaking before 2030 (《2030年前碳達峰行動方案》), which is to vigorously develop new energy. The state will comprehensively promote the large-scale development and high-quality development of wind power and solar power, develop both centralised and distributed power generation, and accelerate the construction of wind power and photovoltaic power generation stations. On 20 June 2021, the National Energy Administration issued the Notice on Submitting the County (City, District) Roof Distributed Photovoltaic Development Pilot Scheme (《關於報送整縣(市、區)屋頂分散式光伏開發試點方案的通知》) to promote the pilot county (city, district) distributed photovoltaic power projects throughout the country. Local governments have increased their support for new energy including photovoltaic and wind power and encouraged the development of innovative projects. The engineering, procurement and construction (“EPC”) model has become more popular within the new energy industry, and enterprises in the industry generally have long-term good relationships with the local governments.

The Board believes that the Group would be able to capture opportunities in the new energy industry by offering its newly developed IT solutions fit for the private business sector to those new energy businesses, such as distributed photovoltaic power generation station construction projects, which have been strongly promoted by the local governments throughout the PRC. The Group is exploring collaboration with power companies to capture the growth in new energy projects through strategic minority equity investment in investment holding vehicles which shall further set up various project companies under the EPC model for new energy businesses by utilising approximately HK\$20,000,000 out of the net proceeds from the issue of the Convertible Bonds. As at the Latest Practicable Date, no definitive agreement has been entered into in connection with such strategic investment. Utilising the long-term good relationships with local governments and supplier network maintained by the Group for years and through minority equity investment in such investment holding vehicles, the management believes that the Group would

LETTER FROM THE BOARD

have a unique and strong competitiveness to participate in the EPC business of the large power station construction projects, by way of introducing the IT solutions to assist the procurement of construction materials for such projects.

The Directors believe that the expansion of customer base and application of its self-developed IT solutions will bring new income sources for the Group by taking advantage of its existing procurement and trading capabilities and allow the Group to enhance its positioning in trading and new energy industries, expand its client base, consolidate its business relationships with the local governments, large corporates in such industries and create synergy with the Group's existing businesses.

The expected timeline of use of net proceeds from the CB Placing is as follows:

Proposed use of the net proceeds	Expected timeline of use	Approximate amount
Expanding the existing procurement and tendering business of the Group to customers in trading industry	Within three to six months after the Completion	HK\$40,000,000
Expanding the existing procurement and tendering business of the Group to customers in new energy industry	Within six to twelve months after the Completion	HK\$20,000,000
General working capital	Within three months after the unutilised portion of the proceeds raised on 29 October 2021 has been fully utilised.	HK\$12,500,000
	Total:	<u>HK\$72,500,000</u>

The Directors have explored various alternative means of financing apart from the issue of the Convertible Bonds, and considered that it is justifiable to issue the Convertible Bonds.

In the course of considering different financing options, the Company has approached four financial institutions in Hong Kong and the PRC to explore the possibility of obtaining bank loans. Given the prevailing market conditions, the loss-making financial performance of the Group in the

LETTER FROM THE BOARD

recent years, the overall financial position of the Group, and the absence of unencumbered material assets as collateral, none of these financial institutions had expressed their interest in providing loans to the Company.

The Directors have also discussed with licensed corporations for equity financing options such as rights issue, open offer and placing of Shares and reached the view that they are less favourable than issue of the Convertible Bonds, since (a) the timetable for the CB Placing is expected to be relatively shorter and usually would incur a lower transaction cost than rights issue or open offer of Shares which involve more documents and procedures; (b) rights issue, open offer and placing of Shares will have immediate dilution effect on the shareholding interests of the non-participating Shareholders while the dilution effect of the Convertible Bonds will only occur when the holder exercises the conversion Rights attached to the Convertible Bonds and no dilution effect will be caused if none of the Convertible Bonds was converted; (c) if the rights issue or open offer cannot be fully underwritten, there is a relatively higher uncertainty in the amount of fund raised by the Company given the fact that the Share prices of the Company have increased multiple times since August 2021, which might have deterred existing Shareholders from making further subscription at a significantly higher offer price.

The Directors have also assessed the interest rate of the Convertible Bonds of 5% per annum against its existing interest-bearing loans and noted that the interest rate of the outstanding loans of the Group due to independent third parties had an effective interest rate of 5.39% as at 30 June 2021, which was higher than that of the Convertible Bonds. As at 30 June 2021, the Group had bank borrowing in the amount of HK\$28,872,000 and approximately 83.33% of which is repayable within five years. Such bank borrowing was secured by charge over the Group's building, investment properties, certain right-of-use assets, certain trade receivables, certain bank and cash balances and rental income. In the absence of unencumbered material assets as collateral and as evidenced by the unfavourable responses of financial institutions as mentioned above, the Directors believe that it is impracticable for the Group to obtain new borrowings with comparable duration, loan amount and interest rate as the Convertible Bonds. Accordingly, the Directors are of the view that the interest rate of the Convertible Bonds is fair and reasonable.

The Directors have also considered that although the Conversion Price only represents a slight discount to the current market price, it represents a substantial premium to the net asset value per Share. Further, given its term of seven years, the Convertible Bonds will be classified as non-current liabilities which will improve the liquidity of the Group to expand and develop its business operations. In addition, given the relatively long term of the Convertible Bonds, it is expected that share conversion would be gradual and over time, and thus will not cause immediate substantial dilutive effect to the existing shareholding and will also likely cause less volatility to market price of the Shares. Under the terms and conditions of the Convertible Bonds, the Company may early redeem the Convertible Bonds at any time before its maturity. If the Convertible Bonds

LETTER FROM THE BOARD

are so early redeemed before any conversion of the Convertible Bonds, there will not be any dilutive effect to the shareholding of the Company. Therefore, the Directors are of the view that the issue of the Convertible Bonds is the most flexible and appropriate option as compared to the other financing methods as discussed above.

The Directors are of the view that (i) the CB Placing Agreement is entered into on normal commercial terms after arm's length negotiations between the parties thereto; (ii) the CB Placing will not have an immediate dilution effect on the shareholding of the existing Shareholders; and (iii) the net proceeds of the CB Placing will strengthen the financial position of the Group over the 7-year term of the Convertible Bonds and allow the Group to expand its businesses. Accordingly, the Directors consider that the CB Placing is an appropriate means of raising capital for the Company, the terms of the CB Placing Agreement are fair and reasonable and that the CB Placing is in the interests of the Company and the Shareholders as a whole.

SHAREHOLDING STRUCTURE

As at the Latest Practicable Date, the Company has 293,083,725 Shares in issue. The shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after full exercise of the Conversion Rights attaching to the Convertible Bonds (assuming that there will be no further changes in the issued share capital of the Company prior to such exercise) are as follows:

	As at the Latest Practicable Date		Immediately after full exercise of the Conversion Rights attaching to the Convertible Bonds	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Director				
Zheng Jinwei (<i>Note 1</i>)	600,000	0.20	600,000	0.17
Substantial Shareholder				
Eastmount Global Limited (<i>Note 2</i>)	48,800,000	16.65	48,800,000	14.22
Public Shareholders				
Places	—	—	50,000,000	14.57
Other public Shareholders	243,683,725	83.15	243,683,725	71.04
Total	<u>293,083,725</u>	<u>100.00</u>	<u>343,083,725</u>	<u>100.00</u>

LETTER FROM THE BOARD

Notes:

1. These Shares are held by Samway International Enterprise Limited, a company incorporated in British Virgin Islands with limited liability, which is wholly-owned by Mr. Zheng Jinwei, an executive Director.
2. These Shares are held by Eastmount Global Limited, a company incorporated in Hong Kong with limited liability, which is ultimately wholly-owned by Trident Trust Company (Singapore) Pte Limited as trustee of a discretionary trust with Ms. Liu Luoxiu as the settlor and certain family members of Ms. Liu Luoxiu, including Ms. Wu Siyuan, an executive Director and chief executive of the Company, as beneficiaries.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has conducted equity fund raising activities in the past twelve months before the Latest Practicable Date and the details are as follows:

Date of announcement	Fund raising activities	Net proceeds	Intended use of net proceeds	Actual use of the net proceeds
8 September 2021 (date of agreement) and 29 October 2021 (date of completion)	Subscription of new Shares under general mandate	Approximately HK\$17,576,500	To strengthen its general working capital to support the day-to-day operations of the Group's existing businesses	Approximately 63.3% has been used as intended and the remaining balance is expected to be used up to support the day to-day operations of the Group within three months after the Latest Practicable Date

Save as disclosed above, the Company has not conducted any equity fund raising activities in the 12 months prior to the Latest Practicable Date.

(2) PROPOSED RE-ELECTION

Pursuant to Bye-law 86(2) of the Bye-laws, any Directors appointed by the Board to fill a casual vacancy on the Board shall hold office until the first general meeting of the Company after their appointment and be subject to re-election at such meeting. Accordingly, Ms. Wu Siyuan (“**Ms. Wu**”), who was appointed as an executive Director on 19 November 2021, Ms. Liu Qian (“**Ms. Liu**”) and Mr. Li Shun (“**Mr. Li**”), who were appointed as non-executive Directors on 8 October 2021, will respectively retire at the SGM pursuant to Bye-laws 86(2) of the Bye-laws and, being eligible, offer themselves for re-election at the SGM.

LETTER FROM THE BOARD

Pursuant to Rule 13.74 of the Listing Rules, a listed issuer shall disclose the details required under Rule 13.51(2) of the Listing Rules of any director(s) proposed to be re-elected in the notice or accompanying circular to its shareholders of the relevant general meeting, if such re-election or appointment is subject to shareholders' approval at that relevant general meeting. The requisite details of Ms. Wu, Ms. Liu and Mr. Li are set out in the Appendix to this circular.

To ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business, the Board has adopted the nomination policy of the Company, setting out the approach to identify and nominate candidates to make recommendations to the Board and for its consideration.

The criteria of nomination have been considered from a number of aspects, including but not limited to, balance of skills, knowledge and experience and, with reference to such evaluation, prepare a description of the role and capabilities required for a particular appointment.

The nomination committee of the Board (the "**Nomination Committee**") also reviewed and considered the experience, skills and other perspectives of Ms. Wu, Ms. Liu and Mr. Li as set out in the Appendix to this circular having regard to the nomination policy and board diversity policy of the Company.

The Company believes that, Ms. Wu, Ms. Liu and Mr. Li will continue to provide invaluable expertise, experience, continuity and stability to the Board, and the Company has benefited from their contribution and valuable insights derived from their professional knowledge in their respective fields. The Board is of the view that (i) Ms. Wu is able to continue to fulfil her role as required of an executive Director; and (ii) Ms. Liu and Mr. Li are able to continue to fulfil their role as required of a non-executive Director, and that they can contribute to the Company and maintain the diversity in the Board's composition. Therefore, with the recommendation of the Nomination Committee, the Board has proposed that Ms. Wu, Ms. Liu and Mr. Li stand for re-election as Directors at the SGM.

SGM AND CLOSURE OF REGISTER OF MEMBERS

The SGM will be held at Meeting Room S3B, Building 5, SCE Plaza Phase 1, Minhang District, Shanghai, PRC on Tuesday, 15 February 2022 at 11:00 a.m. for the purpose of considering, and if thought fit, approving (i) the CB Placing Agreement and all the transactions contemplated thereunder (including the grant of the Specific Mandate); and (ii) the Re-election. To the best knowledge of the Directors, no Shareholder is required to abstain from voting at the SGM in respect of the resolutions relating to the CB Placing, the Specific Mandate and the Re-election.

LETTER FROM THE BOARD

From Thursday, 10 February 2022 to Tuesday, 15 February 2022, both days inclusive, for the purpose of ascertaining Shareholders' entitlement to attend and vote at the SGM, the register of members of the Company will be closed. In order to be eligible for attending and vote at the SGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong for registration no later than 4:00 p.m. on Wednesday, 9 February 2022.

Whether or not you are able to attend the SGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the SGM to the office of the Company's branch share registrar in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish, and in such case, the form of proxy previously submitted shall be deemed to be revoked.

Voting by Way of Poll

All resolutions will be put to vote by way of poll at the SGM pursuant to Rule 13.39(4) of the Listing Rules. An announcement on the poll results will be made by the Company after the SGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

RECOMMENDATIONS

The Directors consider that the terms of the CB Placing, including the grant of the Specific Mandate is fair and reasonable and both the CB Placing and the Re-election are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that the Shareholders vote in favour of the resolutions to be proposed at the SGM.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

LETTER FROM THE BOARD

Special Arrangements at the SGM in Light of COVID-19

Due to the recent development of the epidemic COVID-19, the Company will implement the following precautionary measures at the principal place of meeting of the SGM against the epidemic to protect the Shareholders from the risk of infection:

- (i) compulsory body temperature check will be conducted for every Shareholder or proxy at the entrance of the venue. Any person with a body temperature of over 37.3 degrees Celsius will not be admitted to the venue;
- (ii) every Shareholder or proxy is required to (a) fill in health declaration form with information including travelling record and health condition; and (b) wear surgical facial mask throughout the meeting (Please note that no masks will be provided at the venue and attendees should bring and wear their own masks). Any person who refuses to follow the aforesaid will not be admitted to the venue; and
- (iii) no distribution of corporate gifts and no refreshments will be served.

Furthermore, the Company wishes to strongly advise the Shareholders, particularly Shareholders who are unwell, subject to quarantine in relation to COVID-19 or unable to travel to attend to SGM, that they may appoint any person or the chairman of the SGM as a proxy to vote on the resolutions to be proposed at the SGM, instead of attending the SGM in person. The Company also encourages Shareholders to watch the Company's website and regulatory news services for any updates in relation to the SGM that may need to be provided.

MISCELLANEOUS

Save as otherwise indicated, the English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

By order of the Board
China Public Procurement Limited
Mr. Zheng Jinwei
Chairman

Pursuant to the Listing Rules, the details of the Directors, who will retire and offer themselves for re-election at the SGM according to the Bye-laws, are provided below:

(1) Ms. Wu Siyuan (“Ms. Wu”), executive Director and Chief Executive of the Company

Ms. Wu Siyuan, aged 28, graduated from Henan University in 2013 with a Bachelor’s Degree in Finance, and from Hunan University in 2016 with a Master’s Degree in Finance. From July 2016 to April 2018, she worked in the channel management department of the 上海銀行股份有限公司 (Bank of Shanghai Co., Ltd.*), responsible for the marketing and operation of mobile sales channels. From May 2018 to October 2020, she worked as the investment director in 上海富羅納資產管理有限公司 (Shanghai Fuluona Asset Management Co., Ltd.*). From October 2020 to October 2021, she worked as the standing deputy general manager in 上海愛康富羅納融資租賃有限公司 (Shanghai Akcome Fuluona Financial Leasing Co., Ltd.*).

As at the Latest Practicable Date, Ms. Wu is deemed to be interested in 48,800,000 Shares held by Eastmount Global Limited within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) by virtue of her being a discretionary beneficiary under a family trust founded by Ms. Liu Luoxiu.

Ms. Wu has entered into a formal service contract with the Company for each of the positions of executive director of the Company and the chief executive of the Company for a term of three years commencing from 19 November 2021. Ms. Wu, in her capacity as an executive director of the Company, is subject to retirement by rotation and re-election at the general meeting of the Company in accordance with the Bye-laws. Ms. Wu is entitled to a monthly salary of HK\$50,000, which was determined by the Board with reference to her experience, duties and responsibilities in the Company as well as the current market conditions.

Saved as disclosed above, Ms. Wu does not have any relationship with any Directors, senior management or substantial or controlling Shareholders of the Company (having the meaning ascribed to it in the Listing Rules).

(2) Ms. Liu Qian (“Ms. Liu”), non-executive Director

Ms. Liu Qian, aged 56, has extensive experience in the new energy sector and management. She worked in Jiangsu Akcome Industrial Group Co., Ltd.* (江蘇愛康實業集團有限公司) (the “**Akcome Group**”) from June 2011 to September 2014. During her term of service, she successively served as the vice president of Akcome Group, the president of Power Business Department of Akcome Group and director and general manager of Suzhou Akcome Optoelectronics Technology Co., Ltd.* (蘇州愛康光電科技有限公司) (formerly known as Suzhou

Sheng Kang Solar Technology Co., Ltd.* (蘇州盛康光伏科技有限公司)). From September 2014 to March 2019, she had served various positions such as the president of Market Development Division and vice president of GCL New Energy Holdings Limited (a company listed on the Stock Exchange, stock code: 451); assistant vice president and director of administration office of GCL Group Limited* (協鑫集團有限公司) and vice president of GCL Intelligent New Energy Transportation Technology Development (Suzhou) Co., Ltd.* (協鑫智慧新能源交通科技發展(蘇州)有限公司). Ms. Liu has worked in Shanghai Fuluona Asset Management Co., Ltd.* (上海富羅納資產管理有限公司) since March 2019, and is currently the legal representative and the executive director. Since April 2021, Ms. Liu has also been a director of Huarui New Energy Investment Pte. Ltd., being an indirect wholly-owned subsidiary of the Company.

Ms. Liu graduated from the Undergraduate Program in Internal Combustion Engine of College of Automotive Engineering of Jilin University in 1986, and she graduated from the Graduate Program in Computational Mechanics of Jilin University in 1988. In 1995, Ms. Liu obtained a Master of Philosophy from University of Wales in the United Kingdom, and in 2012, she obtained an Executive Master of Business Administration from Cheung Kong Graduate School of Business.

Ms. Liu entered into a formal service contract with the Company for a term of three years commencing from 8 October 2021, and is subject to retirement by rotation and re-election at the general meeting of the Company in accordance with the Bye-laws of the Company. Ms. Liu is entitled to a monthly director's fee of HK\$20,000, which was determined by the Board with reference to their experience, duties and responsibilities in the Company as well as the current market conditions.

As the Latest Practicable Date, Ms. Liu has no relationships with any Directors, senior management, substantial or controlling Shareholders of the Company (having the meaning ascribed to it in the Listing Rules) and does not have any interests in the securities of the Company within the meaning of Part XV of the SFO.

(3) Mr. Li Shun (“Mr. Li”), non-executive Director and chief financial officer of the Company

Mr. Li Shun, aged 45, has extensive experience in accounting and financing. He worked in the financial control department of China International Capital Corporation (UK) Limited (a subsidiary of China International Capital Corporation Limited, a company listed on the Stock Exchange, stock code: 3908) from April 2010 to July 2014. He worked as the chief financial officer of Metropolis Capital Holdings Limited (a company listed on the Stock Exchange, stock code: 8621) and its subsidiaries from August 2014 to May 2021, responsible for overseeing its corporate strategies, financial affairs and investment.

Mr. Li obtained his Bachelor's Degree in English Language from Beijing Foreign Studies University in 1999 and a Master of Science in Management from The University of Lancaster in the United Kingdom in 2002. Mr. Li has been a member of The Chartered Institute of Management Accountants since 2006.

Mr. Li entered into a formal service contract with the Company for a term of three years commencing from 8 October 2021, and is subject to retirement by rotation and re-election at the general meeting of the Company in accordance with the Bye-laws of the Company. Mr. Li also entered into an employment contract with the Company for the position of the chief financial officer of the Company on 1 December 2021. Mr. Li is entitled to a monthly director's fee of HK\$20,000 and a monthly salary for his position as chief financial officer of HK\$80,000, which were determined by the Board with reference to his experience, duties and responsibilities in the Company as well as the current market conditions.

As the Latest Practicable Date, Mr. Li has no relationships with any Directors, senior management, substantial or controlling Shareholders of the Company (having the meaning ascribed to it in the Listing Rules) and does not have any interests in the securities of the Company within the meaning of Part XV of the SFO.

Saved as disclosed above, there is no information regarding Ms. Wu, Ms. Liu and Mr. Li which is discloseable pursuant to any of the requirements under Rules 13.51(2)(h) to (v) of the Listing Rules and there is no other matter relating to Ms. Wu, Ms. Liu and Mr. Li that needs to be brought to the attention of the Shareholders and the Stock Exchange.

NOTICE OF SPECIAL GENERAL MEETING



CHINA PUBLIC PROCUREMENT LIMITED

中國公共採購有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 1094)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “**Meeting**”) of China Public Procurement Limited (the “**Company**”) will be held at 11:00 a.m. at Meeting Room S3B, Building 5, SCE Plaza Phase 1, Minhang District, Shanghai, PRC on Tuesday, 15 February 2022 for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolutions which will be proposed as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. “**THAT**

- (a) the convertible bonds placing agreement dated 3 December 2021 (the “**CB Placing Agreement**”, a copy of which is marked “A” and signed by the chairman of the Meeting for identification purpose has been tabled at the Meeting) entered into between the Company and Maxa Capital Limited in relation to the placing of convertible bonds of the Company in the principal amount of up to HK\$75,000,000 (the “**Convertible Bonds**”) entitling the holders thereof to convert the principal amount thereof into up to 50,000,000 ordinary shares of the Company (the “**Conversion Share(s)**”) at the initial conversion price of HK\$1.5 (subject to adjustment) per Conversion Share, and all the transactions contemplated thereunder (including issue of the Convertible Bonds, allotment and issue of the Conversion Shares) be and are hereby approved, confirmed and ratified;
- (b) subject to the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the Conversion Shares to be allotted and issued, the directors of the Company (the “**Directors**”, and each a “**Director**”) be and are hereby granted a specific mandate to exercise the powers of the Company to allot and issue the Conversion Shares; and

NOTICE OF SPECIAL GENERAL MEETING

- (c) any one of the Directors be and is hereby authorised to do all such acts and things, to sign and execute such documents or agreements on behalf of the Company and to do such other things and to take all such actions as he considers necessary, appropriate, desirable and expedient for the purposes of giving effect to or in connection with the CB Placing Agreement and all transactions contemplated thereunder, and to agree to such variation, amendments or waiver or matters relating thereto (including any variation, amendments or waiver of such documents or any terms thereof, which are not fundamentally different from those as provided in the CB Placing Agreement) as are, in the opinion of such Director, in the interests of the Company and its shareholders as a whole.”
2. “**THAT** Ms. Wu Siyuan (“**Ms. Wu**”) be and is hereby re-elected as an executive Director of the Company and the board of directors of the Company (the “**Board**”) be authorised to fix the remuneration of Ms. Wu.”
3. “**THAT** Ms. Liu Qian (“**Ms. Liu**”) be and is hereby re-elected as a non-executive Director of the Company and the Board be authorised to fix the remuneration of Ms. Liu.”
4. “**THAT** Mr. Li Shun (“**Mr. Li**”) be and is hereby re-elected as a non-executive Director of the Company and the Board be authorised to fix the remuneration of Mr. Li.”

By order of the Board
China Public Procurement Limited
Zheng Jinwei
Chairman

Hong Kong, 13 January 2022

Notes:

1. The register of members of the Company will be closed from Thursday, 10 February 2022 to Tuesday, 15 February 2022 (both days inclusive) for the purpose of determining the eligibility of the shareholders of the Company to attend and vote at the Meeting (or any adjournment thereof). During the closure of the register of members of the Company, no transfer of Shares will be effect. In order to qualify for attending and voting at the Meeting (or any adjournment thereof), all transfer of Shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company’s branch share registrar in Hong Kong, Union Registrars Limited, at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong, for registration not later than 4:00 p.m. on Wednesday, 9 February 2022.
2. All resolutions at the Meeting (or any adjournment thereof) will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.

NOTICE OF SPECIAL GENERAL MEETING

3. Any member of the Company entitled to attend and vote at the Meeting (or any adjournment thereof) is entitled to appoint one, or if he holds two or more shares, appoint more than one proxy to attend and vote instead of him. A proxy needs not be a member of the Company. If more than one proxy is so appointed, the appointment shall specify the number of shares in respect of which each such proxy is so appointed.
4. Where there are joint holders of any Share, any one of such joint holder may vote at the Meeting (or at any adjournment thereof), either personally or by proxy, in respect of such Share as if he/she/it was solely entitled thereto, but if more than one of such joint holders be present at the Meeting (or at any adjournment thereof) personally or by proxy, that the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
5. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, must be deposited at the Company's branch share registrar in Hong Kong, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong not less than 48 hours before the time appointed for the holding of the Meeting (i.e. by 11:00 a.m. on Sunday, 13 February 2022) or any adjournment thereof. Delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the Meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. Completion and return of the form of proxy will not preclude a member of the Company from attending and voting in person at the Meeting or any adjournment thereof (as the case may be) if he/she/it so desires. If a member of the Company attends the Meeting after having deposited the form of proxy, his/her/its form of proxy will be deemed to have been revoked.

As at the date of this notice, the Board comprises three executive Directors, namely Mr. Zheng Jinwei (Chairman), Ms. He Qian and Ms. Wu Siyuan (Chief Executive); two non-executive Directors, namely Ms. Liu Qian and Mr. Li Shun; and four independent non-executive Directors, namely Mr. Deng Xiang, Mr. Jiang Jun, Mr. Wang Shuai and Mr. Zhong Dengyu.