

THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your Shares in C&N Holdings Limited, you should at once hand the Prospectus Documents, to the purchaser(s) or the transferee(s) or to the bank manager, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). The Prospectus Documents should not, however, be distributed, forwarded or transmitted to, into or from any jurisdiction where to do so might constitute a violation of the relevant local securities laws or regulations.

Subject to the granting of listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC and you should consult your stockbroker, a licensed dealer in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

A copy of each of the Prospectus Documents, together with the other document(s) specified in the paragraph headed “17. Documents delivered to the Registrar of Companies” in Appendix III to this Prospectus, have been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong and the Securities and Futures Commission of Hong Kong take no responsibility as to the contents of any of the Prospectus Documents or any other document(s) referred to above.

You should read the whole of the Prospectus Documents including the discussions of certain risks and other factors as set out in the section headed “Warning of the Risks of Dealing in the Shares and nil-paid Rights Shares” in the “Letter from the Board” of this Prospectus.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Prospectus, 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.

C&N Holdings Limited 春能控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8430)

RIGHTS ISSUE ON THE BASIS OF THREE RIGHTS SHARES FOR EVERY ONE CONSOLIDATED SHARE HELD ON THE RECORD DATE

Capitalised terms used in this cover shall have the same meanings as those defined in this Prospectus.

The Rights Issue is on a non-underwritten basis. Pursuant to the Company’s constitutional document, Companies Law, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the GEM Listing Rules, there is no requirement for a minimum level of subscription in the Rights Issue. The Rights Issue is subject to fulfillment or (where applicable) waiver of the conditions of the Rights Issue as set out in the section headed “Conditions of the Rights Issue” in the “Letter from the Board” of this Prospectus at or prior to the latest time for the Rights Issue to become unconditional (which is currently expected to be 4:00 p.m. on Thursday, 16 February 2023). The conditions include non-occurrence of force majeure events.

If the conditions of the Rights Issue are not fulfilled or (where applicable) waived on or prior to the latest time for the Rights Issue to become unconditional, the Rights Issue will not proceed.

Dealings in the Consolidated Shares have been on an ex-rights basis from Thursday, 5 January 2023. Dealings in the Rights Shares in their nil-paid form will take place from Thursday, 19 January 2023 to Tuesday, 31 January 2023 (both days inclusive).

Any Shareholders or other persons contemplating selling or purchasing Shares and/or Rights Shares in their nil-paid form up to the latest time when the conditions of the Rights Issue are fulfilled or (where applicable) waived (which is expected to be 4:00 p.m. on Thursday, 16 February 2023) will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed.

Shareholders and potential investors should therefore exercise caution when dealing in the Shares and/or the nil-paid Rights Shares, and if they are in any doubt about their position, they are recommended to consult their professional advisers.

The latest time for acceptance and payment for the Rights Shares is 4:00 p.m. on Friday, 3 February 2023. The procedures for acceptance and transfer of the Rights Shares are set out in the section headed “Procedures for acceptance and payment or transfer” in the “Letter from the Board” of this Prospectus.

* For identification purposes only

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

In this Prospectus, unless the context otherwise requires, the following expressions have the following meaning:

“Announcement”	the announcement of the Company dated 21 October 2022 in relation to, among other things, the Share Consolidation, Change in Board Lot Size and the Rights Issue
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“AFRC”	the Accounting and Financial Reporting Council of Hong Kong
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday and Sunday and any day on which “extreme conditions” caused by super typhoons is announced by the Government of Hong Kong or a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular”	the circular of the Company dated 9 December 2022 in relation to, among other things, the Share Consolidation and the Rights Issue
“Company”	C&N Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM of the Stock Exchange (stock code: 8430)
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong
“Compensatory Arrangements”	placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by the Placing Agent on a best effort basis pursuant to the Placing Agreement in accordance with Rule 10.26(2) of the GEM Listing Rules
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules

DEFINITIONS

“Consolidated Share(s)”	ordinary share(s) of HK\$0.2 each in the share capital of the Company, which became effective on 4 January 2023
“controlling shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“COVID-19”	novel coronavirus (COVID-19), a coronavirus identified as the cause of an outbreak of respiratory illness
“Director(s)”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company held on 30 December 2022 at which, among other things, the Share Consolidation and the Rights Issue, and the transactions contemplated thereunder have been approved
“ES Unsold Rights Share(s)”	the Rights Share(s) which would otherwise has/have been provisionally allotted to the Excluded Shareholder(s) in nil-paid form that has/have not been sold by the Company
“Excluded Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Shares to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Existing Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company prior to the completion of the Share Consolidation
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	collectively, the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholder(s)”	any Shareholder(s) who are not required to abstain from voting at the EGM under the GEM Listing Rules
“Independent Third Party(ies)”	person(s) who is(are) third party(ies) independent of the Company and connected persons of the Company

DEFINITIONS

“Intermediary”	in relation to a beneficial owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, means the beneficial owner’s broker, custodian, nominee or other relevant person who is a CCASS participant or who has deposited the beneficial owner’s shares with a CCASS participant
“Last Trading Day”	21 October 2022, being the last trading day of the Shares on the Stock Exchange immediately prior to the publishing of the Announcement
“Latest Placing Date”	16 February 2023 or such later date as the Company and the Placing Agent may agree in writing, being the latest date for the Placing Agent to place the Unsubscribed Rights Shares and/or the ES Unsold Rights Shares
“Latest Placing Time”	6:00 p.m. on the Latest Placing Date
“Latest Practicable Date”	12 January 2023, being the latest practicable date before the printing of this Prospectus for the purpose of ascertaining certain information contained herein
“Latest Time for Acceptance”	4:00 p.m. on Friday, 3 February 2023, being the latest time for acceptance of the offer of and payment for the Rights Shares
“Long Stop Date”	1 March 2023 or such later date as may be agreed between the Placing Agent and the Company in writing
“Net Gain”	any premiums paid by the placees over the Subscription Price for the Unsubscribed Rights Shares and the ES Unsold Rights Shares placed by the Placing Agent under the Compensatory Arrangements
“No Action Shareholders”	Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or their renounees, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed
“Optionholder’s Undertaking(s)”	the undertaking (s) executed on 21 October 2022 by the holders of the Share Options, whereby each of such Share Option holders irrevocably undertakes, represents and warrants to the Company that he/she will not exercise such Share Options held by him/her for the period from the date of such undertaking to the Record Date

DEFINITIONS

“Overseas Letter”	a letter from the Company to the Excluded Shareholders explaining the circumstances in which the Excluded Shareholders are not permitted to participate in the Rights Issue
“Overseas Shareholder(s)”	Shareholder(s) with registered address(es) (as shown on the register of members of the Company on the Record Date) which is(are) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Placee(s)”	any individuals, corporate, institutional investor(s) or other investor(s), who and whose ultimate beneficial owner(s) shall not be the Shareholder(s) and shall be the Independent Third Party(ies), procured by the Placing Agent and/or its sub-placing agent(s), who and whose ultimate beneficial owners shall not be the Shareholder(s) and shall be the Independent Third Party(ies), to subscribe for any of the Unsubscribed Rights Shares and the ES Unsold Rights Shares pursuant to the Placing Agreement
“Placing”	the offer by way of private placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by the Placing Agent and/or its sub-placing agents(s) on a best effort basis, who and whose ultimate beneficial owners shall not be the Shareholder(s) and shall be the Independent Third Party(ies), to the Placee(s) during the Placing Period on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Sorrento Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities) regulated activity under the SFO, being the placing agent appointed by the Company to place any Unsubscribed Rights Shares and the ES Unsold Rights Shares under the Compensatory Arrangements in accordance with Rule 10.26(2) of the GEM Listing Rules
“Placing Agreement”	the placing agreement dated 21 October 2022 entered into between the Company and the Placing Agent in relation to the Placing on a best effort basis
“Placing Arrangement”	the placing arrangement for the Unsubscribed Rights Shares and the ES Unsold Rights Shares as described in the section headed “The Placing Agreement” in this Prospectus

DEFINITIONS

“Placing Period”	a period commencing from the next Business Day after the date of announcement of the number of Unsubscribed Rights Shares and the ES Unsold Rights Shares, which is expected to be Tuesday, 14 February 2023, and ending at the Latest Placing Time
“Poll Results Announcement”	the announcement of the Company dated 30 December 2022 in relation to, among other things, the poll results of the EGM
“Posting Date”	Tuesday, 17 January 2023 or such other date as the Company may determine, being the date on which the Prospectus Documents are posted to the Qualifying Shareholders
“PRC”	the People’s Republic of China, and for the purpose of this Prospectus, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	this prospectus to be despatched to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	collectively, the Prospectus and PAL
“Prospectus Posting Date”	the date of despatch of the Prospectus Documents
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date, other than the Excluded Shareholder(s)
“Record Date”	Monday, 16 January 2023 or such other date as may be determined by the Company, being the date for determining entitlements of Shareholders to participate in the Rights Issue
“Registrar”	Union Registrars Limited, the branch share registrar and transfer office of the Company in Hong Kong
“Rights Issue”	the proposed issue of the Rights Shares by way of rights on the basis of three (3) Rights Shares for every one (1) Consolidated Share held by the Qualifying Shareholders on the Record Date at the Subscription Price pursuant to the Prospectus Documents

DEFINITIONS

“Rights Share(s)”	up to 125,126,400 Consolidated Shares proposed to be allotted and issued by the Company to the Qualifying Shareholders for subscription pursuant to the Rights Issue, assuming no further issue of new Share(s) and no repurchase of Share(s) on or before the Record Date
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the Existing Share(s) or the Consolidated Share(s), as the case may be
“Share Option Scheme”	the share option scheme of the Company adopted on 25 September 2017
“Share Options”	the share options granted by the Company pursuant to the Share Option Scheme
“Shareholder(s)”	holder(s) of the Share(s)
“Share Consolidation”	the consolidation of every twenty (20) issued and unissued Existing Shares of HK\$0.01 each into one (1) Consolidated Share of HK\$0.2 each, which became effective on 4 January 2023
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.26 per Rights Share
“substantial Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Unsubscribed Arrangements”	the placement of Unsubscribed Rights Shares by the Placing Agent pursuant to the terms of the Placing Agreement, details of which are set out in the section headed “Procedures in respect of the Unsubscribed Rights Shares and the ES Unsold Rights Shares, and the Compensatory Arrangements” in this Prospectus
“Unsubscribed Rights Shares”	Rights Shares that are not subscribed by the Qualifying Shareholders
“%”	per cent

EXPECTED TIMETABLE

Set out below is the expected timetable for the Rights Issue which is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled:

Event	Date and Time
Original counter for trading in the Consolidated Shares in board lots of 10,000 Consolidated Shares (in the form of new share certificates) re-opens	9:00 a.m. on Wednesday, 18 January 2023
Parallel trading in the Consolidated Shares (in the form of both existing share certificates and new share certificates) commences	9:00 a.m. on Wednesday, 18 January 2023
Designated broker starts to stand in the market to provide matching services for the sale and purchase of odd lots of the Consolidated Shares.....	9:00 a.m. on Wednesday, 18 January 2023
First day of dealings in nil-paid Rights Shares	Thursday, 19 January 2023
Latest time for splitting of PAL.....	4:00 p.m. on Thursday, 26 January 2023
Last day of dealings in nil-paid Rights Shares	Tuesday, 31 January 2023
Latest time for lodging transfer documents of nil-paid Rights Shares in order to qualify for payment of Net Gain to relevant No Action Shareholders (if any) or Excluded Shareholders (if any).....	4:00 p.m. on Friday, 3 February 2023
Latest time for acceptance of and payment for the Rights Shares.....	4:00 p.m. on Friday, 3 February 2023
Last day for the designated broker to provide matching services for odd lots of the Consolidated Shares	4:00 p.m. on Friday, 10 February 2023
Parallel trading in the Consolidated Shares (represented by both existing share certificates and new share certificates) ends.....	4:10 p.m. on Friday, 10 February 2023

EXPECTED TIMETABLE

Event	Date and Time
Temporary counter for trading in board lots of 250 Consolidated Shares (in the form of existing share certificates) closes.....	4:10 p.m. on Friday, 10 February 2023
Announcement of the number of Unsubscribed Rights Shares and the ES Unsold Rights Shares subject to the Compensatory Arrangements	Monday, 13 February 2023
Commencement of placing of Unsubscribed Rights Shares and the ES Unsold Rights Shares by the Placing Agent.....	Tuesday, 14 February 2023
Latest time for free exchange of existing share certificates for new share certificates for the Consolidated Shares	4:30 p.m. on Tuesday, 14 February 2023
Latest time of placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by the Placing Agent.....	Thursday, 16 February 2023
Latest time for the Rights Issue and placing of the Unsubscribed Rights Shares and ES Unsold Rights Shares to become unconditional.....	Thursday, 16 February 2023
Announcement of results of the Rights Issue (including results of the placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares and the amount of the Net Gain per Unsubscribed Rights Share and per ES Unsold Rights Share under the Compensatory Arrangements)	Wednesday, 22 February 2023
Refund cheques, if any, to be despatched (if the Rights Issue does not proceed)	Thursday, 23 February 2023
Certificates for fully paid Rights Shares to be despatched	Thursday, 23 February 2023
Commencement of dealings in fully-paid Rights Shares	9:00 a.m. on Friday, 24 February 2023
Payment of Net Gain to relevant No Action Shareholders (if any) or Excluded Shareholders (if any)	Friday, 17 March 2023

All times and dates in this announcement refer to Hong Kong local times and dates.

The expected timetable is subject to change, and any such change will be further announced by the Company as and when appropriate.

EXPECTED TIMETABLE

EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

The latest time for acceptance of and payment for the Rights Shares will not take place if:

1. typhoon signal No. 8 (or above);
2. “extreme conditions” caused by super typhoons as announced by the Government of the Hong Kong Special Administrative Region; or
3. a “black” rainstorm warning
 - (a) is/are in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance. Instead the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or
 - (b) is/are in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance. Instead the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on the currently scheduled date of the events subsequent to the Latest Time for Acceptance, the dates mentioned in this section may be affected. Announcement will be made by the Company in such event as soon as possible.

LETTER FROM THE BOARD

C&N Holdings Limited
春能控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8430)

Executive Directors:

Mr. Chua Kang Lim

(Chairman and Chief Executive Officer)

Ms. Fung Mee Kuen

Independent non-executive Directors:

Mr. Cheung Wai Kin

Ms. Lo Suet Lai

Ms. Wong Shuk Yee Camilla

Registered office:

Cricket Square,

Hutchins Drive

P.O. Box 2681

Grand Cayman

KY1-1111

Cayman Islands

*Headquarters and Principal Place of
Business in Hong Kong:*

21st Floor,

CMA Building,

64 Connaught Road Central

Hong Kong

17 January 2023

*To: the Qualifying Shareholders and, for information purpose only,
the Excluded Shareholders*

Dear Sir or Madam,

**RIGHTS ISSUE ON THE BASIS OF
THREE RIGHTS SHARES FOR EVERY ONE CONSOLIDATED SHARE
HELD ON THE RECORD DATE**

INTRODUCTION

Reference is made to the Announcement, the Circular and the Poll Results Announcement, in relation to, among other matters, the Rights Issue. On 21 October 2022, the Company proposed to raise up to approximately HK\$32.5 million on the basis of three (3) Rights Shares for every one (1) Consolidated Share held on the Record Date by issuing 125,126,400 Rights Shares at the Subscription Price of HK\$0.26 per Rights Share. The Subscription Price is payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, when a renouncee of any provisional allotment of the Rights Shares or a transferee of nil-paid Rights Shares applies for the Rights Shares. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Excluded Shareholders.

The purpose of this Prospectus is to provide you with, among other things, further details on the Rights Issue, certain financial information and other general information on the Group.

* *For identification purposes only*

LETTER FROM THE BOARD

RIGHTS ISSUE

Issue statistics

Basis of the Rights Issue	:	Three (3) Rights Shares for every one (1) Consolidated Share held at the close of business on the Record Date
Subscription Price	:	HK\$0.26 per Rights Share
Number of Consolidated Shares in issue as at the Latest Practicable Date	:	41,708,800 Consolidated Shares
Number of Rights Shares to be issued pursuant to the Rights Issue	:	Up to 125,126,400 Rights Shares with an aggregate nominal value of HK\$25,025,280
Total number of Consolidated Shares in issue upon completion of the Rights Issue	:	Up to 166,835,200 Consolidated Shares
Amount to be raised	:	Up to approximately HK\$32.5 million before expenses

As at the Latest Practicable Date, there are 74,624,000 outstanding Share Options, details of the outstanding Share Options are set out below:

Date of grant	Exercisable period	Exercise price (HK\$)	Number of outstanding Share Options as at the Latest Practicable Date
21 May 2021	three years from the date of grant	0.285	51,200,000
20 January 2022	three years from the date of grant	0.1056	23,424,000

Save for the aforesaid, the Company does not have any options outstanding under any share option scheme of the Company or any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into the Existing Shares or the Consolidated Shares as at the Latest Practicable Date.

LETTER FROM THE BOARD

The nil-paid Rights Shares proposed to be provisionally allotted pursuant to the terms of the Rights Issue represents 300.00% of the total number of issued Consolidated Shares upon the Share Consolidation becoming effective and approximately 75% of the total number of issued Consolidated Shares as enlarged by the issue of the Rights Shares immediately after completion of the Rights Issue assuming no further issue of new Share(s) other than the Rights Shares and no repurchase of Share(s) or Consolidated Shares on or before completion of the Rights Issue.

Non-underwritten basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders will be placed to independent places under the Compensatory Arrangements. Any Unsubscribed Rights Shares or ES Unsold Rights Shares remain not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue.

In addition, the Company had preliminarily consulted four brokerage companies (including the Placing Agent) for underwriting the Rights Issue but has not received any favourable feedback due to the current capital market situation apart from the Placing Agent who expressed its interest in acting as a placing agent on best effort basis. The Company considers that the placing obligation of the Placing Agent are more or less similar to an underwriter of the Rights Issue (except that the Placing Agent is on best effort basis). As such, the Company subsequently decided to conduct the Rights Issue on non-underwritten basis and to adopt the Placing Arrangement simultaneously in order to ensure sufficient funds could be raised.

Having considered the other fund-raising alternatives, the costs and unfavourable feedback of underwriting services and the proposed terms of the Rights Issue and the Subscription Price, the Board considers that it is in the interests of the Company to proceed with the Rights Issue on a non-underwritten basis.

As the Rights Issue will proceed on a non-underwritten basis, the Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 10.26(2) of the GEM Listing Rules.

The Optionholder's Undertakings

As at the Last Trading Day, each of the holders of the Share Options has signed an Optionholder's Undertaking for not exercising the Share Options granted to him/her on or before the Record Date.

LETTER FROM THE BOARD

Subscription Price

The Subscription Price for the Rights Shares is HK\$0.26 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, when a renounee of any provisional allotment of the Rights Shares or a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 7.1% to the theoretical closing price of HK\$0.28 per Consolidated Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 13.3% to the theoretical closing price of HK\$0.3 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.015 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 3.7% to the theoretical ex-rights price of approximately HK\$0.27 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the closing price of HK\$0.015 per Existing Share as quoted on the Stock Exchange on the Last Trading Day;
- (iv) a discount of approximately 13.3% to the theoretical closing price of HK\$0.3 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of HK\$0.015 per Existing Share as quoted on the Stock Exchange for the five consecutive trading days prior to and excluding the Last Trading Day;
- (v) a discount of approximately 22.6% to the theoretical closing price of approximately HK\$0.336 per Consolidated Share (after taking into account the effect of the Share Consolidation) based on the average closing price of approximately HK\$0.0168 per Existing Share as quoted on the Stock Exchange for the 10 consecutive trading days prior to and excluding the Last Trading Day;
- (vi) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) represented by a discount of approximately 3.7%, represented by the theoretical diluted price of approximately HK\$0.27 per Consolidated Share to the theoretical benchmarked price of HK\$0.3 per Consolidated Share (after taking into account the effect of the Share Consolidation) (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.015 per Share and the average of the closing prices of the Existing Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the Last Trading Day of approximately HK\$0.015 per Share); and
- (vii) a discount of approximately 90.0% to the unaudited consolidation net asset value per Consolidated Share of approximately HK\$2.60 (based on the latest published unaudited consolidated net asset value of the Group of approximately HK\$108.6

LETTER FROM THE BOARD

million (or S\$19.0 million) as disclosed in the interim report of the Company for the six months ended 30 June 2022 (the “**Unaudited June 2022 NAV**”) and 41,708,800 Consolidated Shares assuming the Share Consolidation has become effective).

The Subscription Price was determined by the Company with reference to, among other things, (i) the recent market price of the Existing Shares since 1 September 2022 and up to the Last Trading Day, the average of which was approximately HK\$0.022 per Existing Share; (ii) the discount with reference to the rights issue exercises announced by companies listed on the Stock Exchange since 1 September 2022 and up to the Last Trading Day, which ranged from 6.3% to 66.1%; (iii) the prevailing market conditions; (iv) the loss attributable to owners of the Company of approximately HK\$19.8 million for the financial year ended 31 December 2021; (v) the amount of funds and capital needs; and (vi) the reasons for the Rights Issue as set out in the section headed “REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS” in this Prospectus. As set out above, the Subscription Price represents a discount of approximately 90.0% to the consolidated net asset value per Share of approximately HK\$2.60 (“**NAV per Share**”) based on the latest published unaudited consolidated net asset value of the Company of approximately HK\$2.60 million as disclosed in the interim report of the Company for the six months ended 30 June 2022 and the issued share capital of the Company of 41,708,800 Consolidated Shares (assuming the Share Consolidation has become effective) as at the Latest Practicable Date. The Directors were of the view that the Shares had been consistently traded at a substantial discount to the NAV per Share during the period since the publication of the unaudited financial statements of the Group for the six months ended 30 June 2022 up to the Latest Practicable Date. As a matter of fact, the price of the Shares had been descending over the past year and had been trading below the net asset value per Share during the trading days in 2022, which implies that public investors may not be willing to purchase the Shares at a price as high as the net asset value per Share, and also indicates that the Subscriber and/or other interested investors can acquire the Shares on the market at a price which is at a substantial discount to the net asset value per Share. As such, the Directors considered that when determining the Subscription Price, it would be more appropriate to make reference to the prevailing market price of the Shares, which reflected the fair market value of the Shares traded on the Stock Exchange instead of making reference to the net asset value per Share. The attractiveness of the Rights Issue for the Shareholders to participate in the Rights Issue would be significantly reduced if the Subscription Price was made with reference to the NAV per Share.

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All Qualifying Shareholders are entitled to subscribe for the Rights Shares in the same proportion to his/her/its existing shareholding in the Company held on the Record Date so as to maintain their proportionate interests in the Company and participate in the future growth of the Group. The following table sets forth the relevant details of the rights issue exercises announced by companies listed on the Stock Exchange since 1 September 2022 and up to the Last Trading Day (the “**Comparables**”):

Date of announcement	Name of Company (Stock Code)	Discount of subscription price over/to the share price as at the last trading day prior to the date of the announcement	Subscription price (HK\$)
23/9/2022	Tasty Concepts Holding Limited (8096)	14.3%	0.3
26/9/2022	Endurance RP Ltd (575)	21.5%	0.0785
11/10/2022	AMCO United Holding (630)	16.7%	0.1
13/10/2022	Great Wall Terroir Holdings Limited (524)	6.3%	0.045
18/10/2022	China Zenith Chemical Group Limited (362)	28.57%	0.2
18/10/2022	Cherish Sunshine International Limited (1094)	13.7%	0.63
20/10/2022	Crocodile Garments Limited (122)	66.1%	0.1
21/10/2022	E. Bon Holdings Limited (599)	20.0%	0.192
	Minimum:	6.3%	
	Maximum:	66.1%	
	Average:	23.4%	
	Median:	18.4%	

As shown in table above, the Company noted that the discount of the subscription prices of the Comparables ranged from a discount of approximately 6.3% to a discount of approximately 66.1%, with an average of a discount of approximately 23.4% and a median of a discount of approximately 18.4%. The discount of the Subscription Price of the Rights Issue are within the range of, and lower than the average discount and median discount of, the relevant discount ratios represented by the subscription prices of the Comparables. The Directors are of the view that the Comparables, which represent an exhaustive list, can fairly represent the recent market trend in relation to rights issue of other listed companies and consider that a period of approximately two months being a reasonable period to provide an overview of the recent rights issue exercises which are reflective of the latest market conditions and sentiments.

The Directors are of the view that the Subscription Price of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders.

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The Directors consider that, despite any potential dilution impact of the Rights Issue on the shareholding interests of the Shareholders, the terms and structure of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole, after taking into account the following factors: (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue are able to sell the nil-paid rights in the market; (ii) the Qualifying Shareholders who choose to accept their provisional entitlements in full can maintain their respective existing shareholding interests in the Company after the Rights Issue; and (iii) the Rights Issue allows the Qualifying Shareholders an opportunity to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a relatively low price as compared to the recent market price of the Shares.

Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue. The possible maximum dilution to shareholdings of those Qualifying Shareholders who do not subscribe to the Rights Issue is approximately 75%. The theoretical dilution effect of the Rights Issue is approximately 3.7% which is below 25% as required under Rule 10.44A of the GEM Listing Rules.

The Directors including the independent non-executive Director are of the view that the terms and structure of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders, and that all Qualifying Shareholders are treated equally. The net price per Rights Share (i.e. the Subscription Price less cost and expenses incurred in the Rights Issue) is estimated to be approximately HK\$0.251, if fully subscribed.

Basis of provisional allotments

The basis of the provisional allotment shall be three (3) Rights Shares for every one (1) Consolidated Share held by the Qualifying Shareholders as at the close of business on the Record Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being accepted for with the Registrar on or before the Latest Time for Acceptance.

Qualifying Shareholders

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company as at the close of business on the Record Date and not be an Excluded Shareholder.

The Qualifying Shareholders who take up their pro-rata entitlement in full will not experience any dilution to their interests in the Company. **If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.**

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As at the Last Trading Day and up to the Latest Practicable Date, the Company has not received any undertaking from any Shareholders of the Company of any intention as to whether such Shareholder will take up his/her entitlements under the Rights Issue.

Rights of Overseas Shareholders (if any)

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

The Company will comply with Rule 17.41(1) of the GEM Listing Rules and make enquiries regarding the feasibility of extending the offer of the Rights Shares to Overseas Shareholders, if any. If, based on the legal opinions to be provided by the legal advisers to the Company, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the place(s) of their registered address(es) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in such place(s), the Rights Issue will not be extended to such Overseas Shareholders.

As at the Latest Practicable Date, there was no Shareholder whose address was outside Hong Kong (as shown on the register of members of the Company).

The Company will send the Prospectus to the Excluded Shareholders (if any) for their information only, but will not send any PAL to them.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders, to be sold in the market in their nil-paid form during the period from 9:00 a.m. on Thursday, 19 January 2023 to 4:00 p.m. on Tuesday, 31 January 2023 if a premium (net of expenses) can be obtained. The proceeds from such sale, less expenses, of more than HK\$100 will be paid on pro-rata basis to the relevant Excluded Shareholders.

In view of administrative costs, the Company will retain individual amounts of HK\$100 or less for its own benefit.

Any unsold Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders in nil-paid form, will be placed by the Placing Agent at the price at least equal to the Subscription Price under the Placing Arrangement together with the Unsubscribed Rights Shares. Any Unsubscribed Rights Shares and the ES Unsold Rights Shares remain not placed after completion of the Placing Arrangement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. For the nil-paid Rights Shares that were sold as described above and the buyer of such nil-paid Rights Shares who will not take up the entitlement, such Unsubscribed Rights Shares will be subject to the Compensatory Arrangements.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.

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The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.

Distribution of the Prospectus Documents

The Company will only send this Prospectus accompanied by the other Prospectus Documents to the Qualifying Shareholders on the Posting Date. However, to the extent reasonably practicable and legally permitted, the Company will send this Prospectus, for information purposes only, to the Excluded Shareholders (if any). The Company will not send any PALs to the Excluded Shareholders (if any).

Distribution of this Prospectus and the other Prospectus Documents into jurisdictions other than Hong Kong may be restricted by law. Persons who come into possession of the Prospectus Documents (including, without limitation, Shareholders and beneficial owners of the Shares, agents, custodians, nominees and trustees) should inform themselves of and observe any such restriction. Any failure to comply with such restriction may constitute a violation of the securities laws of any such jurisdiction. Any Shareholder or beneficial owner of the Shares who is in any doubt as to his/her/its position should consult an appropriate professional adviser without delay.

Receipt of this Prospectus and/or a PAL or the crediting of nil-paid Rights Shares to a stock account in CCASS does not and will not constitute an offer in any jurisdiction in which it would be illegal to make an offer and, in those circumstances, this Prospectus and/or a PAL must be treated as sent for information only and should not be copied or redistributed. Persons (including, without limitation, agents, custodians, nominees and trustees) who receive a copy of this Prospectus and/or a PAL or whose stock account in CCASS is credited with nil-paid Rights Shares should not, in connection with the Rights Issue, distribute or send the same in, into or from, or transfer the nil-paid Rights Shares to any person in, into or from, any such jurisdiction. If a PAL or a credit of nil-paid Rights Shares in CCASS is received by any person in any such territory, or by his/her/its agent or nominee, he/she/it should not seek to take up the rights referred to in the PAL or transfer the PAL or transfer the nil-paid Rights Shares in CCASS unless the Company determines that such action would not violate any applicable legal or regulatory requirements.

Any person (including, without limitation, agents, custodians, nominees and trustees) who does forward this Prospectus or a PAL in, into or from any such jurisdiction (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section.

No part of the Prospectus Documents should be published, reproduced, distributed or otherwise made available in whole or in part to any other person without the written consent of the Company.

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Beneficial owners of the Shares who reside outside Hong Kong should note that the Rights Issue does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful.

It is the responsibility of the relevant beneficial owners and/or their respective agents, custodians, nominees or trustees wishing to make an application for the Rights Shares to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including obtaining any governmental or other consents and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith.

Status of Rights Shares

The Rights Shares, when allotted, fully paid or credited as fully paid and issued, will rank *pari passu* in all respects among themselves and with the Consolidated Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the fully paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the fully paid Rights Shares. Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to payment of stamp duty, Stock Exchange trading fee, SFC transaction levy, AFRC transaction levy or any other applicable fees and charges in Hong Kong.

Fractions of the Rights Shares

On the basis of provisional allotment of three (3) Rights Shares for every one (1) Consolidated Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

Procedures for acceptance and payment or transfer

A PAL is enclosed with this Prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of the Rights Shares shown therein. If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PAL, they must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, by not later than 4:00 p.m. on Friday, 3 February 2023 (or, under bad weather conditions, such later time and/or date as mentioned in the section headed "Effect of Bad Weather and/or Extreme Conditions on the Latest Time for Acceptance of and Payment for the Rights Shares" in "Expected Timetable" in this Prospectus). All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to "**C&N HOLDINGS LIMITED**" and crossed "**ACCOUNT PAYEE ONLY**". It should be noted that unless the PAL, together with the appropriate remittance, have been lodged with the Registrar by not later than 4:00 p.m. on Friday, 3 February 2023, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional

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allotment and all rights thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole absolute discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require the relevant person(s) to complete the incomplete PAL at a later stage. Qualifying Shareholder(s) must pay the exact amount payable upon application for Rights Shares, and any underpaid application will be rejected. No receipt will be issued in respect of any PAL and/or relevant remittance received.

If the Qualifying Shareholders wish to accept only part of their provisional allotment or transfer part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or to transfer part or all of their rights to more than one person, the entire PAL must be surrendered and lodged for cancellation by not later than 4:00 p.m. on Thursday, 26 January 2023 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Registrar at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, after 9:00 a.m. on the next Business Day following the surrender of the original PAL. This process is commonly referred to as "splitting" of nil-paid Rights Shares. It should be noted that stamp duty is payable in connection with a transfer of rights to subscribe for the Rights Shares.

The PAL contains the full information regarding the procedures to be followed for Qualifying Shareholders who wish to: (i) accept their provisional allotment in full; (ii) accept only part of their provisional allotment; or (iii) renounce/transfer all or part of their provisional allotment to other party/parties. Qualifying Shareholders are advised to study the procedures set out in the PAL carefully.

The Registrar will determine the eligibility for the cash compensation as derived from the lapsed PALs after the completion of the re-registration for all re-registration request received by the Registrar on or before the latest time for acceptance of and payment for Rights Shares and by all means before the announcement of the number of Unsubscribed Rights Shares and the ES Unsold Rights Shares subject to the Compensatory Arrangements is posted on the Stock Exchange's website and the Company's website.

If any of the conditions of the Rights Issue as set out in the section headed "Conditions of the Rights Issue" in this "Letter from the Board" of this Prospectus is not fulfilled at or before 4:00 p.m. on Thursday, 16 February 2023 or such later date as may be considered by the Company, the Rights Issue will not proceed. Under such circumstances, the monies received in respect of application for the Rights Shares will be returned to the relevant applicants or, in the case of joint applicants, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on Thursday, 23 February 2023.

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Cheques and banker's cashier orders

All cheques and banker's cashier orders will be presented for payment upon receipt and all interests earned on such monies (if any) will be retained for the benefit of the Company. Completion and lodgement of a PAL together with a cheque or banker's cashier order in payment of the Rights Shares applied for will constitute a warranty that the cheque or banker's cashier order will be honoured upon first presentation. If any cheque or banker's cashier order is not honoured upon first presentation, the PAL (as the case may be) is liable to be rejected and/or deemed invalid by the Company in its absolute discretion, and in the case of an acceptance of a Qualifying Shareholder's assured entitlement all such assured entitlement and all rights thereunder will be deemed to have been declined and will be cancelled.

Beneficial owners' instructions to their Intermediary

For beneficial owners whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, if they wish to subscribe for the Rights Shares provisionally allotted to them, or sell their nil-paid Rights Shares or "split" their nil-paid Rights Shares by accepting part of their provisional allotment and selling/transferring the remaining part, they should contact their Intermediary and provide their Intermediary with instructions or make arrangements with their Intermediary in relation to the acceptance, transfer and/or "splitting" of the rights to subscribe for the Rights Shares which have been provisionally allotted to them in respect of the Shares in which they are beneficially interested. Such instructions and the relevant arrangements should be given or made in advance of the relevant dates stated in the "Expected Timetable" in this Prospectus and otherwise in accordance with the requirements of their Intermediary in order to allow their Intermediary sufficient time to ensure that their instructions are given effect. The procedures for acceptance, transfer and/or "splitting" in these cases shall be in accordance with the General Rules of CCASS, the CCASS Operational Procedures and any other applicable requirements of CCASS.

Procedures in respect of the Unsubscribed Rights Shares and the ES Unsold Rights Shares, and the Compensatory Arrangements

Pursuant to Rule 10.31(1)(b) of the GEM Listing Rules, the Company must make arrangements to dispose of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by offering the Unsubscribed Rights Shares and the ES Unsold Rights Shares to independent places for the benefit of the Shareholders to whom they were offered by way of the rights. There will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 10.31(1)(a) of the GEM Listing Rules.

The Company therefore appointed the Placing Agent to place the Unsubscribed Rights Shares and the ES Unsold Rights Shares after the Latest Time for Acceptance to independent places on a best effort basis, and any premium over the Subscription Price for those Rights Shares that is realised will be paid to the No Action Shareholders and Excluded Shareholders on a pro-rata basis. The Placing Agent will, on a best effort basis, procure, by not later than 6:00 p.m., on Thursday, 16 February 2023, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and the ES Unsold Rights Shares at a price not less than the Subscription Price.

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Net Gain (if any) will be paid (without interest) on pro-rata basis (on the basis of all Unsubscribed Rights Shares and ES Unsold Rights Shares) to the No Action Shareholders and the Excluded Shareholders (but rounded down to the nearest cent) as set out below:

- (i) where the nil-paid rights are, at the time they lapse, represented by a PAL, to the person whose name and address appeared on the PAL (unless that person is covered by (iii) below);
- (ii) where the nil-paid rights are, at the time they lapse, registered in the name of HKSCC Nominees Limited, to the beneficial holders (via their respective CCASS participants) as the holder of those nil-paid rights in CCASS (unless that person is covered by (iii) below);
- (iii) if the Rights Issue is extended to the Overseas Shareholders and where an entitlement to the Rights Shares was not taken up by such Overseas Shareholders, to that Overseas Shareholders.

It is proposed that Net Gain to any of the No Action Shareholder(s) mentioned in (i) to (iii) above which is in an amount of HK\$100 or more will be paid to them in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit. Shareholders and the Excluded Shareholders may or may not receive any Net Gain.

THE PLACING AGREEMENT

On 21 October 2022 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to procure Placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares and the ES Unsold Rights Shares. Details of the Placing Agreement are as follows:

Date	:	21 October 2022 (after trading hours)
Issuer	:	the Company
Placing Agent	:	Sorrento Securities Limited was appointed as the Placing Agent to procure, on a best effort basis, Placees to subscribe for the Unsubscribed Rights Shares and the ES Unsold Rights Shares.

The Placing Agent confirmed that it is independent of and not connected with the Company and its connected persons or any of their respective associates.

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- Placing price of the Unsubscribed Rights Shares and/or and the ES Unsold Rights Shares : The placing price of the Unsubscribed Rights Shares and/or the ES Unsold Rights Shares shall be not less than the Subscription Price.
- The final price determination is depended on the demand and market conditions of the Unsubscribed Rights Shares and/or the ES Unsold Rights Shares during the process of placement.
- Commission : 1.5% of the amount which is equal to the Placing Price multiplied by the Unsubscribed Rights Shares and ES Unsold Rights Shares that have been successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement.
- The commission is not payable by the Company to the Placing Agent if the Placing Agreement has not become unconditional or is otherwise terminated in accordance with its terms.
- Placees : The Unsubscribed Rights Shares and the ES Unsold Rights Shares are expected to be placed to the Placee(s) who and whose ultimate beneficial owner(s) shall not be the Shareholder(s) and shall be the Independent Third Party(ies) and who will not become substantial shareholders of the Company after completion of the Rights Issue.
- Ranking of Unsubscribed Rights Shares and the ES Unsold Rights Shares : Unsubscribed Rights Shares and the ES Unsold Rights Shares (when placed, allotted, issued and fully paid) shall rank *pari passu* in all respects among themselves and with the Shares then in issue.

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- Conditions Precedent : The obligations of the Placing Agent and the Company under the Placing Agreement are conditional upon, among others, the following conditions being fulfilled (or being waived by the Placing Agent in writing, if applicable):
- (i) the GEM Listing Committee of the Stock Exchange having granted the listing of, and the permission to deal in, the Rights Shares;
 - (ii) the approval of the Rights Issue by the Independent Shareholders at the EGM;
 - (iii) the Share Consolidation becoming effective;
 - (iv) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect if it was repeated as at the time of completion; and
 - (v) the Placing Agreement not having been terminated in accordance with the provisions thereof.

The Placing Agent may, in its absolute discretion, waive the fulfillment of all or any or any part of the conditions precedent to the Placing Agreement (other than those set out in paragraph (i) above) by notice in writing to the Company. As at the Latest Practicable Date, none of the above conditions precedent may be waived by the Company or the Placing Agent.

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Termination : The Placing Arrangement shall end on 28 February 2023 or any other date by mutual written agreement between the Placing Agent and the Company.

The engagement of the Placing Agent may also be terminated by Placing Agent in case of force majeure resulting in the Company and the Placing Agent being unable to fulfill its duties and responsibilities under the engagement. However, if during the course of the engagement it has come to the Placing Agent's knowledge that there is any material adverse change in the business and operational environment in the Company which, in the sole opinion of the Placing Agent, may make it inadvisable to continue the engagement, the Placing Agent shall have the right to terminate the engagement by written notice to the Company with immediate effect.

Placing Completion : Completion is expected to take place within six Business Days after publication of an announcement by the Company of the number of the Unsubscribed Rights Shares and the ES Unsold Rights Shares under the Compensatory Arrangements and upon fulfilment or waiver (as the case may be) of the conditions precedent to the Placing Agreement or such other date as the Company and the Placing Agent may agree in writing.

The Company shall use its best endeavours to procure the fulfilment of such conditions precedent to the Placing Agreement by the Long Stop Date. If any of the conditions precedent to the Placing Agreement have not been fulfilled by the Long Stop Date or become incapable of being fulfilled (subject to the Placing Agent not exercising its rights to waive or extend the time for fulfilment of such conditions), then the Placing will lapse and all rights, obligations and liabilities of the Company and the Placing Agent in relation to the Placing shall cease and determine, save in respect of any accrued rights or obligations under the Placing Agreement or antecedent breach thereof.

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The engagement between the Company and the Placing Agent for the Unsubscribed Rights Shares and ES Unsold Rights Shares (including the commission payable) was determined after arm's length negotiation between the Company and the Placing Agent and is on normal commercial terms with reference to the market comparables, the existing financial position of the Group, the size of the Rights Issue, and the current and expected market condition. The Directors consider that the terms of Placing Agreement for the Unsubscribed Rights Shares and ES Unsold Rights Shares (including the commission payable) are on normal commercial terms.

Given that the Compensatory Arrangements would provide (i) a distribution channel of the Unsubscribed Rights Shares and the ES Unsold Rights Shares to the Company; (ii) an additional channel of participation in the Rights Issue for independent Qualifying Shareholders; and (iii) a compensatory mechanism for No Action Shareholders and the Excluded Shareholders, the Directors consider that the Compensatory Arrangements are fair and reasonable and would provide adequate safeguard to protect the interest of the Company's minority Shareholders.

Application for listing

The Company has applied to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue. The nil-paid Rights Shares shall have the same board lot size as the Consolidated Shares, i.e. 10,000 Shares in one board lot. No part of the share capital of the Company is listed or dealt in or on which listing or permission to deal in is being or is proposed to be sought on any stock exchange other than the Stock Exchange.

Rights Shares will be eligible for admission in CCASS

Subject to the granting of the approval for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings on the Stock Exchange or such other dates as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

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Stamp duty and other applicable fees

Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy, AFRC transaction levy or any other applicable fees and charges in Hong Kong.

Taxation

Shareholders are advised to consult their professional advisers if they are in any doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the Rights Shares and, regarding the Excluded Shareholders, their receipt of the net proceeds, if any, from sale of the nil-paid Rights Shares on their behalf.

Share certificates and refund cheques for the Rights Issue

Subject to the fulfillment of the conditions of the Rights Issue, share certificates for all fully paid Rights Shares are expected to be posted on Thursday, 23 February 2023 by ordinary post to the allottees, at their own risk, to their registered addresses. Each Shareholder will receive one share certificate for all allotted Shares. If the Rights Issue is terminated, refund cheques are expected to be posted on Thursday, 23 February 2023 by ordinary post to the applicants, at their own risk, to their registered addresses.

If the Rights Issue does not become unconditional or proceed, refund cheques, without interest, in respect of the relevant portion of application monies received are expected to be posted by ordinary post at your own risk to your registered addresses on Thursday, 23 February 2023. Refund cheques (crossed “Account Payee Only”) will be despatched by ordinary post to the registered addresses of the relevant applicants of the Rights Shares at the risk of such applicants.

Conditions of the Rights Issue

The Rights Issue is conditional upon:

- (a) the passing by the Shareholders (or the Independent Shareholders, as the case may be) at the EGM of the necessary resolution(s) to approve the Share Consolidation and the Rights Issue, and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares) by no later than the Prospectus Posting Date;
- (b) the Share Consolidation and the Change in Board Lot Size becoming effective;

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- (c) the GEM Listing Committee of the Stock Exchange granting or agreeing to grant and not having withdrawn or revoked the listing of, and permission to deal in, all the Rights Shares (in their nil-paid and fully-paid forms);
- (d) the delivery to the Stock Exchange and the filing and registration with the Registrar of Companies in Hong Kong respectively one duly certified copy of each of the Prospectus and the PALs (and all other documents required to be attached thereto) in compliance with the Companies (WUMP) Ordinance and the GEM Listing Rules by no later than the Prospectus Posting Date; and
- (e) the posting of the Prospectus Documents to Qualifying Shareholders and the posting of the Prospectus and the Overseas Letter to the Excluded Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue by the Prospectus Posting Date.

The Company shall use all reasonable endeavours to procure the fulfilment of all the above conditions by the respective dates specified above. As at the Latest Practicable Date, conditions (a) and (b) as stated above have been satisfied.

As the Rights Issue is subject to the above conditions, it may or may not proceed.

INFORMATION ABOUT THE PLACING AGENT

The Placing Agent is a company incorporated in Hong Kong with limited liability and a corporation licensed to carry out type 1 (dealing in securities) regulated activity under the SFO.

The Placing Agent confirmed that it is independent of and not connected with the Company or its connected persons. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its respective ultimate beneficial owner(s) and/or associates are Independent Third Parties.

SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the Company has 41,708,800 Consolidated Shares in issue. The following table sets out the possible changes in the shareholding structure of the Company arising from the proposed Share Consolidation and the Rights Issue which are for illustrative purpose only.

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Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after the Share Consolidation becoming effective but before completion of the Rights Issue; and (iii) immediately after completion of the Rights Issue, assuming no further issue or repurchase of Shares or Consolidated Shares up to completion of the Rights Issue save for the Rights Shares:

	As at the Latest Practicable Date		Immediately after the Share Consolidation becoming effective but before completion of the Rights Issue		Immediately after completion of the Rights Issue			
					Assuming all Shareholders take up their respective allotment of Rights Shares in full		Assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and all Unsubscribed Rights Shares and ES Unsold Rights Shares have been placed by the Placing Agent	
	Number of Shares	Approx.% (note i)	Number of Consolidated Shares	Approx.% (note i)	Number of Consolidated Shares	Approx.% (note i)	Number of Consolidated Shares	Approx.% (note i)
Mr. Chua Kang Lim (note ii)	64,605,000	7.74%	3,230,250	7.74%	12,921,000	7.74%	3,230,250	1.94%
Wang Hufei	209,435,000	25.11%	10,471,750	25.11%	41,887,000	25.11%	10,471,750	6.28%
Public Shareholders	560,136,000	67.15%	28,006,800	67.15%	112,027,200	67.15%	28,006,800	16.78%
Independent Placees	—	—	—	—	—	—	125,126,400	75.00%
	<u>834,176,000</u>	<u>100.00%</u>	<u>41,708,800</u>	<u>100.00%</u>	<u>166,835,200</u>	<u>100.00%</u>	<u>166,835,200</u>	<u>100.00%</u>

Notes:

- (i) The above percentage figures are subject to rounding adjustments. Accordingly, figures shown as total may not be an arithmetic aggregation of the figures preceding it.
- (ii) 58,205,000 shares are held by Ventris Global Limited. The entire issued share capital of Ventris Global Limited is legally and beneficially owned by Mr. Chua Kang Lim.

Shareholders and public investors should note that the above shareholding changes are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including the results of acceptance of the Rights Issue.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Group is principally engaged in offering various transport and storage services to the logistics industry in Singapore and Hong Kong, primarily trucking and hubbing services.

As set out in the interim report of the Company for the six months ended 30 June 2022, the cash and bank balances of Group was approximately HK\$43.0 million as at 30 June 2022. The Board wishes to update the Shareholders that the cash and bank balances of the Group has further reduced to approximately HK\$22.3 million as at the Last Trading Day, as a result of cash flow used in existing business operating activities and further cash flows used in investing activities in line with the Group's long term objective to enhance its capacity for transport and storage services. As at 30 June 2022, the Group's liabilities mainly comprised of trade payables of approximately HK\$9.7 million, accruals and other payables of approximately HK\$4.4 million and loans and other borrowings of approximately HK\$10.0 million.

LETTER FROM THE BOARD

As set out in the interim report of the Company for the six months ended 30 June 2022, the Group recorded net cash used in operating activities for the six months ended 30 June 2022 of approximately HK\$16.1 million. Due to the threat of the COVID-19, the Group has recorded a decline in revenue and increase in net loss for two consecutive years from approximately HK\$157.0 million and HK\$5.4 million for the year ended 31 December 2019 to HK\$143.3 million and HK\$19.7 million for the year ended 31 December 2021. The impact of the COVID-19 on the global economy is tremendous as concerns about the impact from the COVID-19 heightens and these weigh on the corporate earnings and the global economic outlook. The Group expects future adverse economic conditions would continue to negatively affect the Group's financial position and performance. As such the Group will continue to monitor the development and the volatile market conditions. In the current abnormal business conditions, the Group is conscious about the importance of liquidity in the Group's ongoing operations and managing cash flow is a very critical aspect during a period of crisis. Given that the net cash used in operating activities for the six months ended 30 June 2022 was already approximately HK\$16.1 million, the Board foresee the Group's forthcoming cash level might be further strained when the Group conducts its business activities. As a low cash level would not be ideal for the Group's business operations the Group is considering actions to increase liquidity with a view to strengthen the competitive edge of the Group over the competitors in the industry and will put efforts to evaluate any good investment opportunities should they arise, such as the feasibility of further enhancement to carry out transport and storage services and related operations in Singapore or in other countries, such as Hong Kong.

Having considered the impact of the outbreak of COVID-19 on the Group's business and financial position, the cash level of the Group, as well as the estimated working capital required for the Group's daily operation, the Board considers that the Rights Issue represents an opportunity for the Company to strengthen its capital structure without incurring debt financing cost, improve the financial position, and provide additional financial resources for capturing suitable business expansion and investment opportunities as they arise.

It is estimated that the Company will raise up to approximately HK\$32.5 million from the Rights Issue and the relevant expenses would be approximately HK\$1.1 million, which includes placing commission and professional fees payable to financial advisers, legal advisers, financial printer and other parties involved in the Rights Issue. The estimated net proceeds from the Rights Issue will accordingly be approximately HK\$31.4 million (equivalent to a net price of approximately HK\$0.251 per Rights Share). In line with the aforesaid business objectives, the Company intends to utilise the net proceeds from the Rights Issue as follows:

- (i) approximately HK\$6.2 million for the payment of rental expenses and management fee for the next 12 months;
- (ii) approximately HK\$20.0 million for the payment of salaries of the Group's employees for the next 6 months; and
- (iii) approximately HK\$5.2 million for the working capital for the existing business.

LETTER FROM THE BOARD

Payment of rental expenses and management fee for the next 12 months

As at the Last Trading Day, the Group leases the logistic yards in Singapore and a warehouse in Hong Kong. The monthly rental expenses and management fee for the warehouse and the logistic yards are approximately HK\$0.5 million. As such, the Group intends to apply approximately HK\$6.2 million from the Rights Issue for the payment of rental expense and management fee for the next 12 months.

Payment of salaries of the Group's employees for the next 6 months

As at the Last Trading Day, the Group has 164 staffs. Taking into account of the staff costs for the 170 staffs of approximately HK\$56.1 million for the year ended 31 December 2021, the Group intends to apply approximately HK\$20.0 million from the Rights Issue for the payment of salaries of the Group's employees for the next 6 months.

Working capital for the existing business

The Group is principally engaged in offering various transport and storage services to the logistics industry in Singapore and Hong Kong, primarily trucking and hubbing services. However, our revenue declined during the year ended 31 December 2021 due to the threat of the COVID-19. Since 30 June 2022 and up to the Last Trading Day, the Group had commenced business relationship with two new customers and these new customers have placed orders regularly with stable amounts. In order to retain our customers, avoid causing disruption to the delivery schedule required by other customers, keep good relationships with the customers in long run and maintain the ability in capture potential new contracts, the Group would like to keep a healthy cash flow level in order to make payments on time for the corresponding cost of the services, even if there is any delay in payments made by the customers. As such, the Group intends to apply approximately HK\$3.0 million from the Rights Issue for the working capital for the existing business and HK\$2.2 million to repay part of the trade and other payables in order to improve the liquidity of the Group and satisfy certain repayment of current debts of the Group as and when they fall due.

The Board considers that the Rights Issue provides a good opportunity for the Group to strengthen its capital base and to enhance its financial position, while at the same time the Rights Issue will enable all Qualifying Shareholders to participate in the future development of the Company on equal terms. Since the Rights Issue will allow the Qualifying Shareholders to maintain their respective pro rata shareholdings in the Company and therefore avoid dilution, the Board considers that it is in the interests of the Company and the Shareholders as a whole to raise capital through the Rights Issue.

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If the Rights Issue is undersubscribed, the above use of proceeds will be adjusted by the Company accordingly and the net proceeds from the Rights Issue will be applied by the Company in the following order of priority:

- (i) for payment of rental expenses and management fee for the next 12 months;
- (ii) for payment of salaries of the Group's employees for the next 6 months; and
- (iii) for the working capital for the existing business.

The Company has not received, as at the Latest Practicable Date, any information or irrevocable undertaking from any substantial Shareholder of the Company of any intention in relation to the Rights Shares to be provisionally allotted to that Shareholder under the Rights Issue. In the event that there were no one subscribe the Rights Issue, the Company may consider other fund-raising exercises, whether in the form of equity and/or debt financings, for its business operation and working capital, including but not limited to, placing of new Shares or debt securities to independent individuals, corporate and/or institutional and professional investors, depending on the prevailing market conditions.

As at the Latest Practicable Date, save for the Rights Issue, the Board has no intention or plan to conduct other equity fund raising activities in the next 12 months. However, if the net proceeds from the Rights Issue cannot satisfy the upcoming financing needs, the Board does not rule out the possibility that the Company may conduct further equity fund raising exercises to support the business operations of the Group. The Company will make further announcement in this regard in accordance with the GEM Listing Rules as and when appropriate.

Alternative fund-raising methods considered

The Directors have considered other financing alternatives including (i) other debt financing, and (ii) equity fund raising such as placement of new Shares and open offer. The Board considers that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole, for the reasons as follows:

- (i) The Board considers that the Rights Issue would give the Qualifying Shareholders the opportunity to maintain their respective prorata shareholding interest in the Company and provide an opportunity to all Qualifying Shareholders to participate in the growth of the Company in proportion to their shareholdings. Although those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Excluded Shareholders may make their shareholdings diluted, the Rights Issue requires the Independent Shareholders' approval so that the Independent Shareholders are given an opportunity to decide whether the Company shall proceed to the Rights Issue by voting for or against at the EGM to approve the Rights Issue;

LETTER FROM THE BOARD

- (ii) as for other debt financing, as at the date of this announcement, the Group has attempted to obtain other loan financing from independent third parties, but the interest rate offered is generally over 20% per annum;
- (iii) as for placement of new Shares, it would lead to immediate dilution in the shareholding interest of existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company; and
- (iv) as for open offer, similar to a rights issue, it also offers qualifying shareholders to participate, but it does not allow the trading of rights entitlements in the open market.

As such, the Directors consider that equity financing does not involve recurring interest expense and the financing process is usually simpler and quicker than negotiating bank borrowings, and therefore would allow the Group to react promptly to market conditions and business opportunities.

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

The Company has not conducted any fund raising activities involving issue of its securities in the past 12 months immediately preceding the Latest Practicable Date.

POSSIBLE ADJUSTMENTS RELATING TO THE SHARE OPTIONS

As at the Latest Practicable Date, there were 74,624,000 outstanding Share Options (convertible into 3,731,200 Consolidated Shares).

Pursuant to the terms of the Share Option Schemes, the Share Consolidation and the Rights Issue may lead to adjustments to, among others, the exercise price and/or the number of Consolidated Shares to be issued upon exercise of the outstanding Share Options under the Share Option Schemes. The Company will notify the holders of such Share Options and the Shareholders by way of announcement (as and when appropriate) regarding adjustments to be made (if any) pursuant to the terms of the Share Option Schemes and such adjustment will be certified by an independent financial adviser or auditors of the Company (as the case may be).

Save for the foregoing, as at the Latest Practicable Date, the Company had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares prior to the Record Date. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

LETTER FROM THE BOARD

WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS SHARES

The Rights Issue is subject to the fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed “Conditions of the Rights Issue” in this Prospectus. Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not satisfied, the Rights Issue will not proceed.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. Pursuant to the Company’s constitutional documents and the Companies Act, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfillment of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level. In the event the Rights Issue is undersubscribed, any Unsubscribed Rights Shares will be placed to independent places under the Unsubscribed Arrangements. Any Unsubscribed Rights Shares not placed under the Unsubscribed Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. Investors are advised to exercise caution when dealing in the Shares.

Any dealings in the Shares up to the date on which all the conditions of the Rights Issue are fulfilled, and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or Rights Shares in their nil-paid form are recommended to consult their professional advisers.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Prospectus.

For and on behalf of the Board
C&N Holdings Limited
Chua Kang Lim
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

Details of the audited financial information of the Group for each of the years ended 31 December 2019, 2020 and 2021, the unaudited financial information of the Group for the three months ended 31 March 2022 and the unaudited financial information for the six months ended 30 June 2022 are disclosed in the following annual reports of the Company for the years ended 31 December 2019, 2020 and 2021, first quarterly report of the Company for the three months ended 31 March 2022 and the interim report of the Company for the six months ended 30 June 2022, respectively which have been published and are available on the websites of the Stock Exchange (www.hkexnews.hk) and of the Company (<http://www.todayir.com/en/showcases.php?code=8430>):

- (a) the annual report of the Company for the year ended 31 December 2019 published on 30 March 2020 (pages 53 to 116) in relation to the financial information of the Group for the same year (<https://www1.hkexnews.hk/listedco/listconews/gem/2020/0330/2020033000465.pdf>);
- (b) the annual report of the Company for the year ended 31 December 2020 published on 30 March 2021 (pages 64 to 126) in relation to the financial information of the Group for the same year (<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0330/2021033001688.pdf>);
- (c) the annual report of the Company for the year ended 31 December 2021 published on 1 April 2022 (pages 66 to 124) in relation to the financial information of the Group for the same year (<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0401/2022040101086.pdf>);
- (d) the first quarterly report of the Company for the three months ended 31 March 2022 published on 13 May 2022 in relation to the financial information of the Group for the same period (<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0513/2022051301329.pdf>); and
- (e) the interim report of the Company for the six months ended 30 June 2022 published on 12 August 2022 in relation to the financial information of the Group for the same period (<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0812/2022081201496.pdf>).

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 December 2022, being the latest practicable date for the purpose of ascertaining information contained in this statement of indebtedness prior to the printing of this Prospectus, the details of the Group's indebtedness are as follows:

Borrowings

At the close of business on 31 December 2022, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Prospectus, total borrowings of the Group amounted to approximately S\$2,313,000 representing:

(i) Bank loan

The Group had interest-bearing bank borrowing of approximately S\$847,000 which is secured by mortgage over the Group's properties and charges on fixed deposits of approximately S\$512,000.

(ii) Lease liabilities

As at 31 December 2022, the Group had lease liabilities of approximately S\$1,466,000.

Disclaimer

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities, normal trade and other payables and contract liabilities, as at 31 December 2022, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this Prospectus, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages and charges, hire purchase commitments, material contingent liabilities or guarantees outstanding.

To the best knowledge of the Directors, having made all reasonable enquiries, (i) there has been no material change in indebtedness or contingent liabilities of the Group since 31 December 2022; (ii) there has not been any default on repayments or other obligations in any material respect under the loan agreements; (iii) the Group does not have material covenants relating to the outstanding debts; (iv) the Group has complied with all of the finance covenants up to the Latest Practicable Date; and (v) the Group does not have any material external debt financing plans as at the Latest Practicable Date.

3. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirm that there have been no material adverse changes in the financial or trading position of the Group since 31 December 2021 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

4. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that in the absence of unforeseeable circumstances, taking into account the financial resources available to the Group and the estimated net proceeds from the Rights Issue, the Group will have sufficient working capital for its present requirements for at least the next twelve (12) months following the date of this Prospectus. The Company has obtained the relevant confirmation as required under paragraph 30 of Appendix I, Part B of the GEM Listing Rules.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in offering various transport and storage services to the logistics industry in Singapore and Hong Kong, primarily trucking and hubbing services. Led by our experienced management team, we have developed a reputation as a reliable transport and hubbing services provider equipped with a large vehicle fleet that is capable of handling large volumes of customer orders.

However, due to the threat of the COVID-19, the Group has recorded a decline in revenue and increase in net loss for two consecutive years from approximately HK\$157.0 million and HK\$5.4 million for the year ended 31 December 2019 to HK\$143.3 million and HK\$19.7 million for the year ended 31 December 2021. The impact of the COVID-19 on the global economy is tremendous as concerns about the impact from the COVID-19 heightens and these weigh on the corporate earnings and the global economic outlook. The Group expects future adverse economic conditions would continue to negatively affect the Group's financial position and performance.

Looking forward, Singapore's economy grew 4.8% year-on-year in the second quarter of 2022. Economists expect it to get back on track quickly as global growth picks up and vaccination rates rise. With the government rolling back containment measures and working on increasing vaccination rates, the recovery should regain momentum over the coming months.

Our customers are mainly logistics service providers along the supply chain in Singapore, the cargoes that we transport for our customers include various types of plastic resin, scrap steel, waste paper products and others. These cargoes are mainly raw materials used in factory production, hence the resumption of activities in ports and factories will directly have a positive impact on our customers, and hence the Group.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS ATTRIBUTABLE TO OWNERS OF THE COMPANY

Introduction

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2022 (the “**Unaudited Pro Forma Financial Information**”) which has been prepared by the directors in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants is for illustration only, and is set out in this appendix to illustrate the effects of the Rights Issue, on the unaudited consolidated net tangible assets of the Group as at 30 June 2022 attributable to the owners of the Company, as if the Rights Issue had taken place on such date.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2022 or any future date following the Rights Issue.

The Unaudited Pro Forma Financial Information is prepared based on the consolidated net tangible assets of the Group attributable to owners of the Company derived from the unaudited consolidated statement of financial position of the Group as at 30 June 2022 as extracted from the published interim report of the Company for the six months ended 30 June 2022, after incorporating the adjustments described in the accompanying notes.

	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2022	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company as at 30 June 2022	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share immediately before completion of the Share Consolidation and the Rights Issue	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share after taking into account the completion of Share Consolidation but immediately before completion of the Rights Issue	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share as at 30 June 2022 immediately after completion of the Shares Consolidation and Rights Issue
	SS'000 (Note 1)	SS'000 (Note 2)	SS (Note 3)	SS (Note 4)	SS (Note 5)
Based on 125,126,400 Rights Shares to be issued at Subscription Price of HK\$0.26 per Rights Share	18,885	5,564	24,449	0.02	0.45
	<u>18,885</u>	<u>5,564</u>	<u>24,449</u>	<u>0.02</u>	<u>0.45</u>

Notes:

1. The unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2022 was extracted from the unaudited consolidated net assets of the Group attributable to the owners of the Company as at 30 June 2022 of approximately S\$19,046,000 as adjusted by exclusion of intangible assets of approximately S\$161,000 as shown on the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2022 has been extracted by the Directors from the published interim report of the Company for the six months ended 30 June 2022.
2. The estimated net proceeds from the Rights Issue of approximately S\$5,564,000 (equivalent to approximately HK\$31,407,000) are based on 125,126,400 Rights Shares to be issued at HK\$0.26 per Rights Share after deducting estimated related expenses of approximately S\$199,000 (equivalent to approximately HK\$1,126,000) and assumed that no outstanding share options being exercised, and that there is no change in the number of issued shares from the date of the announcement on 30 June 2022 up to the record date.
3. The calculation of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per share immediately before completion of Share Consolidation and Rights Issue are calculated based on 834,176,000 shares in issue as at 30 June 2022.
4. The calculation of the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per share after taken into account the completion of Share Consolidation but immediately before completion of the Rights Issue are calculated based on the unaudited consolidated net tangible assets of the Group of approximately S\$18,885,000 as at 30 June 2022, divided by 41,708,800 consolidated shares in issue.
5. The calculation of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2022 per Share immediately after completion of the Share Consolidation and Rights Issue is based on unaudited pro forma adjusted consolidated net tangible assets of the Group of approximately S\$24,449,000 attributable to the owners of the Company as at 30 June 2022 immediately after completion of the Rights Issue, being the aggregate of unaudited consolidated net tangible assets of the Group of approximately S\$18,885,000 attributable to the owners of the Company as at 30 June 2022 and the estimated net proceeds from the Rights Issue of approximately S\$5,564,000, divided by 166,835,200 Shares which represents the sum of 41,708,800 Consolidated Shares in issue and 125,126,400 Rights Shares (assuming no new Shares are allotted and issued pursuant to any exercise of the Share Options and no other change in the share capital of the Company on or before the Record Date) were issued immediately after completion of the Share Consolidation and Rights Issue, as if the Share Consolidation and Rights Issue had been completed on 30 June 2022.
6. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2022.

**B. ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL
INFORMATION**

The following is the text of a report received from McMillan Woods (Hong Kong) CPA Limited, Certified Public Accountants, Hong Kong, the independent reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this Prospectus.



24th Floor
Siu On Centre,
188 Lockhart Road
Wan Chai, Hong Kong

17 January 2023

The Board of Directors of
C&N Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of C&N Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at 30 June 2022 and related notes as set out on pages II-1 to II-2 of the prospectus issued by the Company dated 17 January 2023 (the “**Prospectus**”). The applicable criteria on the basis of which the directors have compiled the unaudited pro forma financial information are described in Section A of Appendix II of the Prospectus.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the proposed rights issue on the basis of three rights shares for every one consolidated share (the “**Rights Issue**”) held on the record date on the Group's financial position as at 30 June 2022 as if the Rights Issue had taken place as at 30 June 2022. As part of this process, information about the Group's financial position as at 30 June 2022 has been extracted by the Directors from the unaudited consolidated financial statements of the group for the six months ended 30 June 2022, on which an interim report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Management 1 “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements” and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant’s Responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the unaudited pro forma financial information in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Rights Issue at 30 June 2022 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related unaudited pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled by the director of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 7.31(1) of the Listing Rules.

Yours faithfully,

McMillan Woods (Hong Kong) CPA Limited

Certified Public Accountants

Hong Kong

1. RESPONSIBILITY STATEMENT

This Prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM 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 Prospectus 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 Prospectus misleading.

2. SHARE CAPITAL AND OPTIONS

(a) Share capital

The authorised and issued and fully paid share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately following the completion of the Rights Issue (assuming no further issue or repurchase of Consolidated Shares up to the completion of the Rights Issue save for the Rights Shares are fully subscribed) were as follows:

(i) *As at the Latest Practicable Date*

<i>Authorised:</i>		<i>HK\$</i>
<u>250,000,000</u>	Shares of HK\$0.2 each	<u>50,000,000</u>
<i>Issued and fully-paid:</i>		
<u>41,708,800</u>	Shares of HK\$0.2 each	<u>8,341,760</u>

(ii) *Immediately following the completion of the Rights Issue*

<i>Authorised:</i>		<i>HK\$</i>
<u>250,000,000</u>	Consolidated Shares of HK\$0.2 each	<u>50,000,000</u>
<i>Issued and fully-paid:</i>		
41,708,800	Consolidated Shares of HK\$0.2 each	8,341,760
125,126,400	Rights Shares of HK\$0.2 each to be allotted and issued under the Rights Issue	25,025,280
<u>166,835,200</u>	Consolidated Shares of HK\$0.2 each in issue immediately upon completion of the Rights Issue	<u>33,367,040</u>

All of the Shares or Consolidated Shares and the Rights Shares in issue and to be issued (when fully paid) rank and will rank *pari passu* with each other in all respects, including, in particular, as to dividends, voting rights and return of capital. The Shares or Consolidated Shares and the Rights Shares are or will be listed on the Stock Exchange. None of the securities of the Company is listed, or dealt in, on any other exchange, nor is any listing of or permission to deal in the securities of the Company being, or proposed to be, sought on any other stock exchange.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or the Consolidated Shares or the Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

Save as the Share Options, as at the Latest Practicable Date, the Company did not have any outstanding derivatives, options, warrants and convertible securities or other similar rights which are convertible or exchangeable into Shares. The Company has no intention to issue or grant any convertible securities, warrants and/or options on or before the Record Date.

The Rights Shares to be issued will be listed on the Stock Exchange. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or the Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

(b) Share Options

Details of the outstanding Share Options as at the Latest Practicable Date were as follows:

Name of grantee	Number of Shares subject to outstanding Share Options	Date of grant	Exercise price (HK\$ per Share)	Exercise Period
Employees	51,200,000	21 May 2021	0.285	3 years from the date of grant
	23,424,000	20 January 2022	0.1056	3 years from the date of grant
Total	<u>74,624,000</u>			

Save as disclosed above, as at the Latest Practicable Date, the Company did not have any other options, warrants or other convertible securities or rights affecting the Shares and no capital of any member of the Group is under option, or agreed conditionally or unconditionally to be put under option as at the Latest Practicable Date.

As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

3. INTEREST IN SECURITIES

(a) Directors' and chief executive's interests

Save as disclosed below, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which would have: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

Name of Director	Beneficial owner	Through controlled corporation	Total number of Shares held	Approximate percentage of total issued shares
Mr. Chua Kang Lim (<i>Note 1</i>)	6,400,000	58,205,000	64,605,000	7.74%

Note:

- These Shares are held by Ventris Global Limited (“**Ventris**”). The entire issued share capital of Ventris is legally and beneficially owned by Mr. Chua. Mr. Chua is deemed to be interested in the Shares in which Ventris is interested under Part XV of the SFO.

(b) Interests of substantial shareholders

Save as disclosed below, as at the Latest Practicable Date, the Company had not been notified by any corporation which or persons who (other than a Director or the chief executive of the Company) who had interests or short positions in the shares or underlying Consolidated Shares, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

Shareholder	Number of Shares held	Approximately percentage of shareholding	Capacity
Ventris	58,205,000	6.98%	Beneficial owner
Dai Wangfei	79,000,000	9.47%	Beneficial owner
Wang Hufei	209,435,000	25.11%	Beneficial owner

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into any service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors, the substantial shareholders and their respective close associates was interested in any business which competed, or might compete, either directly or indirectly, with the business of the Group pursuant to the GEM Listing Rules.

6. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS OF THE GROUP

As at the Latest Practicable Date:

- (a) none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group; and
- (b) none of the Directors had any direct and indirect interest in any assets which had been acquired or disposed of by or leased to, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2021, being the date to which the latest published audited financial statements of the Company were made up.

7. MATERIAL LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance nor was any litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

8. MATERIAL CONTRACTS

Save for the Placing Agreement, there had been no contract, not being a contract entered into in the ordinary course of business carried on or intended to be carried on by members of the Group, entered into by members of the Group after the date falling two years immediately preceding the date of the Announcement and up to the Latest Practicable Date:

9. EXPENSES

The expenses in connection with the Rights Issue, including financial advisory fees, placing commission (assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and placing all Unsubscribed Rights Shares and ES Unsold Rights Shares by Placing Agent), printing, registration, translation, legal and accountancy charges are estimated to be up to approximately HK\$1.1 million, which are payable by the Company.

10. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

- Board of Directors** :
- Mr. Chua Kang Lim**
House 143 Chun Tin Road
Singapore 599699 Singapore
 - Ms. Fung Mee Kwan**
Flat C, 11/F,
Kam On Building,
236 Tai Po Road,
Sham Sui Po, Kowloon
 - Mr. Cheung Wai Kin**
Room 419, Pok Tai House,
Pok Hong Estate,
Shatin, New Territories,
Hong Kong
 - Ms. Lo Suet Lai**
Flat E, 16/F
Block 3, Sereno Verde
Yuen Long
Hong Kong
 - Ms. Wong Shuk Yee Camilla**
Flat A, 6/F, Block 3,
Oscar by the Sea,
8 Pung Loi Road,
Tseung Kwan O,
New Territories,
Hong Kong
- Registered office** :
- Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands
- Head office and principal place of business in Hong Kong** :
- 21st Floor,
CMA Building,
64 Connaught Road Central,
Hong Kong

Placing Agent	:	Sorrento Securities Limited 11/F, The Wellington, 198 Wellington Street, Central, Hong Kong
Independent financial adviser to the Independent Board Committee and the Independent Shareholders	:	Altus Capital Limited 21 Wing Wo Street, Central, Hong Kong
Legal adviser to the Company as to Hong Kong law in relation to the Rights Issue	:	Mason Ching & Associates Room 2403, 24/F, World-Wide House, 19 Des Voeux Road Central, Hong Kong
Reporting accountants	:	McMillan Woods (Hong Kong) CPA Limited 24/F., Sui On Centre, 188 Lockhart Road, Wan Chai, Hong Kong
Principal bankers in Hong Kong	:	DBS Bank Ltd. 12 Marina Bay Boulevard, Level 3 Marina Bay Financial Centre Tower 3, Singapore 018982
Principal share registrar	:	Conyers Trust Company (Cayman) Limited Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands
Hong Kong branch share registrar and transfer office	:	Union Registrars Limited Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong

Authorised representatives	:	Mr. Chua Kang Lim House 143 Chun Tin Road Singapore 599699 Singapore
		Mr. Lai Nga Ming Edmund 21st Floor, CMA Building 64 Connaught Road Central Hong Kong
Company secretary	:	Mr. Lai Nga Ming Edmund 21st Floor, CMA Building 64 Connaught Road Central Hong Kong
Compliance officer	:	Mr. Chua Kang Lim House 143 Chun Tin Road Singapore 599699 Singapore

11. AUDIT COMMITTEE

As at the Latest Practicable Date, the audit committee of the Board (the “**Audit Committee**”) comprised all of the independent non-executive Directors, namely Mr. Cheung Wai Kin (the Chairman of the Audit Committee), Ms. Lo Suet Lai and Ms. Wong Shuk Yee Camilla. The background, directorship and past directorship (if any) of each of the members of the Audit Committee are set out in the section headed “13. Particulars of the Directors and Company Secretary” in this appendix.

The primary role and function of the Audit Committee are to oversee the relationship with the external auditors, to review the Group’s preliminary quarterly results, interim results and annual results and to monitor compliance with statutory and listing requirements.

12. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinions or advice, which are contained or referred to in this Prospectus:

Name	Qualification
McMillan Woods (Hong Kong) CPA Limited	Certified Public Accountants

As at the Latest Practicable Date, the above expert:

- (a) has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion of its letter or opinions or advice and references to its name, in the form and context in which they appear;
- (b) did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (c) did not have any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Company were made up.

As at the Latest Practicable Date, the above expert was not materially interested, directly or indirectly, in any contract or arrangement subsisting at the Latest Practicable Date which was significant in relation to the business of the Group.

13. PARTICULARS OF THE DIRECTORS AND COMPANY

Executive Directors

Mr. Chua Kang Lim (“**K L Chua**”), aged 67, founder of our Group, is our executive Director, chief executive officer and the chairman of our Board. He has been a director of CA Transportation since February 1992, which is the Company’s subsidiary. He is also a director of New Pine Global Limited, which is also the Company’s subsidiary. Mr. K L Chua is responsible for the overall strategic planning and business development of our Group.

Mr. K L Chua has over 29 years of experience in the logistics industry in Singapore. Prior to the establishment of our Group, Mr. K L Chua was involved in business of packing and crating services. Mr. K L Chua was a partner of Teng Lee Packing Co from September 1982 to October 1992, an owner of K. L. Chua Container Service from March 1994 to June 2013 and a director of Teng Lee Packing Co Pte Ltd from October 1992 to May 2012 respectively and involved in their business operation and management. As (i) Teng Lee Packing Co engaged in the business of providing freight forwarding services and wholesale of logs, (ii) K. L. Chua Container Service engaged in the business of providing freight and container services, and (iii) Teng Lee Packing Co Pte Ltd engaged in the business of providing freight and warehousing services, Mr. K L Chua gained experience in management skills and knowledge of freight logistics business.

Mr. K L Chua is the father of both Ms. S F Chua, an executive Director of our Company, and Ms. S H Chua, our Purchasing and Human Resources Director. Mr. K L Chua is also the elder brother of Mr. C H Chua, our Senior Sales Manager.

Ms. Fung Mee Kuen (“Ms. Fung”), aged 61, is our executive Director. Ms. Fung has over 20 years’ experience in sales and marketing, management and finance industry. She is experienced in financial investment and human resources management. She was a senior management of a sizable finance company which responsible for the risk management, business development, finance and internal control.

Independent non-executive Directors

Mr. Cheung Wai Kin (“Mr. Cheung”), aged 39, is our independent non-executive Director appointed on 23 August 2021. Mr. Cheung is a member of the Hong Kong Institute of Certified Public Accountants and he has over 14 years accounting and auditing experience. Since 27 September 2017, Mr. Cheung has been appointed as the independent non-executive director of Capital VC Limited (Stock Code: 2324), securities of which are listed on the main board of the Stock Exchange.

Ms. Lo Suet Lai (“Ms. Lo”), aged 33, is our independent non-executive Director appointed on 29 September 2021. Ms. Lo graduated from Hong Kong Shue Yan University with Bachelor of Commerce (Honours) in Accounting. Prior to joining the Group, Ms. Lo worked in two international accounting firms in Hong Kong and the accounting work in Wanjia Group Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 401). Ms. Lo is presently acting as a director in a Hong Kong private consultancy company. She has years of accounting and auditing experiences. Since 12 September 2016, Ms. Lo has been appointed as the independent non-executive director of China e-Wallet Payment Group Limited (Stock Code: 802), securities of which are listed on the Main Board of the Stock Exchange.

Ms. Wong Shuk Yee Camilla (“**Ms. Wong**”), aged 51, is our independent non-executive Director appointed on 26 January 2022. Ms. Wong graduated from The University of Birmingham with Master of Social Science (Money, Banking and Finance). Ms. Wong has over 12 years of financial planning and management experiences. She is the member of The Chinese Institute of Certified Financial Planners and Institute of Financial Planners of Hong Kong and she also qualified as Life Underwriter Training Council Fellow.

Company Secretary

Mr. Lai Nga Ming Edmund (“**Mr. Lai**”), aged 38, is the company secretary of our Company. Mr. Lai does not act as an individual employee of our Company, but as an external service provider. Mr. Lai is the company secretary of Luxxu Group Limited (stock code: 1327), the shares of which are listed on the main board of the Stock Exchange, since November 2016. He has also been an independent non-executive director of Founder Holdings Limited (stock code: 418), the shares of which are listed on the main board of the Stock Exchange, since April 2020. He has also been an independent non-executive director of Peking University Resources (Holdings) Company Limited (Stock Code: 618), the shares of which are listed on the main board of the Stock Exchange, from April 2020 to September 2021. Mr. Lai received a Bachelor of Arts (Honours) in Accountancy from The Hong Kong Polytechnic University and is a member of the Hong Kong Institute of Certified Public Accountants. He has accumulated extensive experience in auditing and accounting by working in various international firms of Certified Public Accountants, listed and multinational companies in Hong Kong such as Grant Thornton Hong Kong, BDO Hong Kong and SDM Group Holdings Limited (stock code: 8363), the shares of which are listed on GEM of the Stock Exchange.

14. MISCELLANEOUS

- (a) As at the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (b) In the event of inconsistency, the English text of this Prospectus shall prevail over the Chinese text.

15. LEGAL EFFECT

Each of the Prospectus Documents and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong.

16. BINDING EFFECT

This Prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

17. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents and the written consent referred to in the paragraph headed “12. Expert and consent” in this Appendix III, have been registered with the Registrar of Companies in Hong Kong for registration pursuant to section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

18. DOCUMENTS ON DISPLAY

Pursuant to paragraph 42 of Appendix 1B to the GEM Listing Rules, the issuer shall set out in the listing document the details of a reasonable period of time (being not less than 14 days) during which the documents as required under the paragraph are published on the Stock Exchange’s website and the issuer’s own website.

- (a) the Optionholder’s Undertakings;
- (b) the accountant’s report on the unaudited pro forma financial information of the Group issued by McMillan Woods (Hong Kong) CPA Limited, the text of which is set out in Appendix II to this Prospectus;
- (c) the material contracts referred to in the section headed “8. Material contracts” in this appendix; and
- (d) the written consent referred to in the section headed “12. Expert and consent” in this appendix.