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## THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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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, solicitors, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Best Group Holding Limited, you should at once hand this Prospectus Documents to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibilities for the contents of the Prospectus Documents, make no representations as to their 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 the Prospectus Documents.

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the paragraph headed "Documents delivered to the Registrar of Companies" in Appendix III to this Prospectus, has been registered by the Registrar of Companies in Hong Kong pursuant to 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 for the contents of any of the Prospectus Documents.

Dealings in the Shares and the Rights Shares in both nil-paid and fully-paid forms may be settled through CCASS established and operated by HKSCC and you should consult your stockbroker or other registered securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Subject to certain limited exceptions, this Prospectus does not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States or in any other jurisdiction in which such an offer or solicitation is unlawful. The securities mentioned herein have not been, and will not be, registered under the US Securities Act, and may not be offered or sold in the United States unless registered under the US Securities Act or pursuant to an exemption from, or in a transaction not subject to, registration under the US Securities Act. The Company has no intention to register under the US Securities Act any portion of the Rights Issue or any of the securities referred to herein or to conduct a public offering of securities in the United States.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their 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 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 in the Rights Shares 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.

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### CHINA BEST GROUP HOLDING LIMITED

國華集團控股有限公司\*

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 370)**

### RIGHTS ISSUE ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY FIVE (5) EXISTING SHARES HELD ON THE RECORD DATE

**Financial adviser to the Company**



英皇企業融資有限公司  
Emperor Corporate Finance Limited

**Placing Agent to the Rights Issue**



英皇證券有限公司  
Emperor Securities Limited

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

**The Rights Issue is on a non-underwritten basis.** Pursuant to the Company's constitutional documents, the Companies Act, Companies (WUMP) Ordinance and the Listing Rules, there is no requirement for a minimum level of subscription in the Rights Issue. The Rights Issue is subject to fulfilment of the conditions of the Rights Issue as set out in the section headed "Letter from the Board – Conditions of the Rights Issue" in 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 Tuesday, 19 September 2023). If the conditions of the Rights Issue are not fulfilled at or prior to the latest time for the Rights Issue to become unconditional, the Rights Issue will not proceed.

25 August 2023

\* for identification purpose only

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## DEFINITIONS

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

“Announcement”	the announcement of the Company dated 26 July 2023 in relation to, among other things, the Rights Issue
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day on which licensed banks in Hong Kong are generally open for business, other than a Saturday or a Sunday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is issued in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not cancelled at or before 12:00 noon
“BVI”	the British Virgin Islands
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Act”	the Companies Act 1981 of Bermuda as may from time to time be amended
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	China Best Group Holding Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange (Stock Code: 370)
“Compensatory Arrangements”	the compensatory arrangements pursuant to Rule 7.21(1)(b) of the Listing Rules as described in the section headed “Letter from the Board – Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the Compensatory Arrangements” in this Prospectus
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company

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## DEFINITIONS

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“Fixed Fee”	has the meaning ascribed to it under the section headed “Letter from the Board – Placing Agreement for the Unsubscribed Rights Shares and NQS Unsold Rights Shares” in this Prospectus
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, 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 Third Party(ies)”	third party(ies) independent of the Company and its connected persons
“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”	26 July 2023, being the last trading day of the Shares on the Stock Exchange before the release of the Announcement
“Latest Lodging Date”	4:30 p.m. on Thursday, 17 August 2023, being the latest time for lodging transfer of Shares in order to qualify for the Rights Issue
“Latest Practicable Date”	22 August 2023, being the latest practicable date prior to the printing of this Prospectus for ascertaining certain information for inclusion in this Prospectus
“Latest Time for Acceptance”	4:00 p.m. on Friday, 8 September 2023 or other time or date as the Company may determine, being the latest time for acceptance of, and payment for, the Rights Shares
“Latest Time for Termination”	4:00 p.m. on Tuesday, 19 September 2023 or such later time as may be agreed between the Company and the Placing Agent in writing
“Listing Committee”	has the meaning ascribed thereto in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

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## DEFINITIONS

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“Net Gain”	the aggregate of any premiums (being the aggregate amount paid by the placees after deducting the aggregate amount of the Subscription Price for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares placed by the Placing Agent under the Placing Agreement) under the Compensatory Arrangements after deduction of all reasonable expenses incurred by the Company and the Placing Agent
“New Retailing”	refers to a retail business model that combines online and offline channels to provide customers with a seamless shopping experience by leveraging internet and advanced technology such as big data and artificial intelligence, and improves the efficiency and personalization in the process of production, logistic and marketing of commodities
“No Action Shareholder(s)”	Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) under the PAL(s) or their renounees, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary or expedient not to offer the Rights Issue to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in such place(s)
“NQS Unsold Rights Shares”	the Rights Share(s) which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form that have not been sold by the Company
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date with registered address(es) outside Hong Kong
“PAL(s)”	the renounceable provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Placing”	the offer by way of private placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares on a best efforts basis by the Placing Agent and/or its sub-placing agent(s), who and whose ultimate beneficial owners shall not be Shareholder(s) and shall be Independent Third Party(ies), to the independent placee(s) during the Placing Period on the terms and subject to the conditions set out in the Placing Agreement

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## DEFINITIONS

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“Placing Agent”	Emperor Securities Limited, a licensed corporation carrying out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO
“Placing Agreement”	the placing agreement dated 26 July 2023 and entered into between the Company and the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares
“Placing Commission”	has the meaning ascribed to it under the section headed “Letter from the Board – Placing Agreement for the Unsubscribed Rights Shares and NQS Unsold Rights Shares” in this Prospectus
“Placing Period”	the period commencing from the second (2nd) Business Day after the Latest Time for Acceptance and ending on 4:00 p.m. on the sixth (6th) Business Day after the Latest Time for Acceptance
“PRC”	the People’s Republic of China which, for the purpose of this Prospectus, excludes Taiwan, Hong Kong and the Macau Special Administrative Region
“Prospectus”	this prospectus dated 25 August 2023 to be despatched to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL
“Prospectus Posting Date”	Friday, 25 August 2023 or such other date as the Company may determine, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders and the Prospectus for information only to the Non-Qualifying Shareholders
“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholders, whose name(s) appear(s) on the register of members of the Company on the Record Date
“Record Date”	Thursday, 24 August 2023 or such other date as the Company may determine, for the determination of the entitlements under the Rights Issue
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, being Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong

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## DEFINITIONS

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“Rights Issue”	the proposed issue of the Rights Shares on the basis of two (2) Rights Shares for every five (5) existing Shares held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Prospectus Documents
“Rights Share(s)”	the Shares to be allotted and issued pursuant to the Rights Issue of (i) up to 610,113,975 Shares (assuming no exercise of any Vested Share Options and no change in the number of Shares in issue on or before the Record Date); and (ii) up to 617,313,975 Shares (assuming all Vested Share Options having been exercised and no other change in the number of Shares in issue on or before the Record Date)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) with a par value of HK\$0.10 each in the share capital of the Company
“Share Options”	the outstanding share options to subscribe for 90,000,000 Shares at HK\$0.80 per Share under the share option scheme of the Company
“Shareholder(s)”	holder(s) of issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.16 per Rights Share
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers (as amended and supplemented from time to time)
“United States” or “US”	the United States of America (including its territories and dependencies, any state in the US and the District of Columbia)
“Unsubscribed Rights Shares”	the Rights Shares that are not subscribed by the Qualifying Shareholders
“US Securities Act”	the US Securities Act of 1933, as amended
“Vested Share Options”	has the meaning ascribed to it under the section headed “Letter from the Board – Rights Issue” in this Prospectus
“%”	per cent.

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## EXPECTED TIMETABLE

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Events	Date (2023)
First day of dealings in nil-paid Rights Shares . . . . .	Tuesday, 29 August
Latest time for splitting of PALs . . . . .	4:30 p.m. on Thursday, 31 August
Last day of dealings in nil-paid Rights Shares . . . . .	Tuesday, 5 September
Latest time for acceptance of and payment for the Rights Shares . . . . .	4:00 p.m. on Friday, 8 September
Announcement of the number of Unsubscribed Rights Share and NQS Unsold Rights Shares subject to Compensatory Arrangements . . . . .	Monday, 11 September
Commencement of placing of Unsubscribed Rights Share and NQS Unsold Rights Shares by the Placing Agent . . . . .	Tuesday, 12 September
Latest time of placing of Unsubscribed Rights Shares and NQS Unsold Rights Shares by the Placing Agent . . . . .	4:00 p.m. on Monday, 18 September
Latest time for termination of the Placing Agreement for the Rights Issue to become unconditional . . . . .	4:00 p.m. on Tuesday, 19 September
Announcement of results of the Rights Issue (including results of the Placing and the Net Gain per Unsubscribed Rights Share and NQS Unsold Rights Share under the Compensatory Arrangements) . . . . .	Tuesday, 19 September
Despatch of share certificates for fully-paid Rights Shares and refund cheques (if any) . . . . .	Wednesday, 20 September
Commencement of dealings in fully-paid Rights Shares . . . . .	Thursday, 21 September
Payment of Net Gain to relevant No Action Shareholders and Non-Qualifying Shareholders (if any) . . . . .	Thursday, 5 October

All times and dates stated above refer to Hong Kong local times and dates. The expected timetable for the Rights Issue set out above and all dates and deadlines specified in this Prospectus are indicative only and may be varied. Any changes to the expected timetable will be announced in separate announcement(s) by the Company as and when appropriate.

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## EXPECTED TIMETABLE

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### **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
  - (i) 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
  - (ii) 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, the dates mentioned in the “Expected timetable” above may be affected. An announcement will be made by the Company in such event.

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## LETTER FROM THE BOARD

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### CHINA BEST GROUP HOLDING LIMITED

國華集團控股有限公司\*

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 370)**

*Executive Directors:*

Ms. Wang Yingqian (*Chairman*)  
Mr. Qin Jie (*Chief Executive Officer*)  
Mr. Fan Jie  
Mr. Li Haitao  
Ms. Tao Lei

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Independent non-executive Directors:*

Mr. Liu Tonghui  
Ms. Yin Meiqun  
Mr. Ye Jianmu

*Head Office and Principal Place*

*of Business in Hong Kong:*  
Suite 1901-2 & 14, 19/F, Tower 6  
The Gateway, Harbour City  
Kowloon, Hong Kong

25 August 2023

*To the Qualifying Shareholders and,  
for information only,  
the Non-Qualifying Shareholders (if any)*

Dear Sir or Madam,

### **RIGHTS ISSUE ON THE BASIS OF TWO (2) RIGHTS SHARES FOR EVERY FIVE (5) EXISTING SHARES HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS**

#### **INTRODUCTION**

Reference is made to the Announcement whereby the Board announced, among other matters, the Company proposed to implement the Rights Issue on the basis of two (2) Rights Shares for every five (5) existing Shares held on the Record Date at the Subscription Price of HK\$0.16 per Rights Share, to raise up to (i) approximately HK\$97.6 million by issuing up to 610,113,975 Rights Shares (assuming no exercise of any Vested Share Options and no change in the number of Shares in issue on or before the Record Date); and (ii) approximately HK\$98.8 million by issuing up to 617,313,975 Rights Shares (assuming all Vested Share Options having been exercised and no other change in the number of Shares in issue on or before the Record Date), to the Qualifying Shareholders. The Rights Issue is not underwritten and will not be extended to the Non-Qualifying Shareholder(s) (if any).

\* for identification purpose only

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## LETTER FROM THE BOARD

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The purpose of this Prospectus is to provide you with, among others things, further details of the Rights Issue, including the procedures for acceptance of the Rights Shares provisionally allotted to you, together with the financial and other information of the Group.

### RIGHTS ISSUE

#### Issue statistics

Basis of the Rights Issue	:	two (2) Rights Shares for every five (5) existing Shares held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.16 per Rights Share
Net price per Rights Share (i.e. Subscription Price less estimated cost and expenses incurred in the Rights Issue on a per Rights Share basis)	:	Approximately HK\$0.155 per Rights Share ( <i>Note 1</i> ) and HK\$0.155 per Rights Share ( <i>Note 2</i> )
Number of Shares in issue as at the Latest Practicable Date	:	1,525,284,939 Shares
Number of Rights Shares to be issued pursuant to the Rights Issue	:	up to 610,113,975 Rights Shares ( <i>Note 1</i> ), and up to 617,313,975 Rights Shares ( <i>Note 2</i> )
Aggregate nominal value of the Rights Shares to be issued	:	up to HK\$61,011,397.5 ( <i>Note 1</i> ) and up to HK\$61,731,397.5 ( <i>Note 2</i> )
Number of issued Shares as enlarged by the allotment and issue of the Rights Shares	:	up to 2,135,398,914 Shares ( <i>Note 1</i> ) and up to 2,160,598,914 Shares ( <i>Note 2</i> )
Gross proceeds from the Rights Issue (before expenses)	:	up to approximately HK\$97.6 million ( <i>Note 1</i> ) and up to approximately HK\$98.8 million ( <i>Note 2</i> )
Net proceeds from the Rights Issue	:	up to approximately HK\$94.4 million ( <i>Note 1</i> ) and up to approximately HK\$95.6 million ( <i>Note 2</i> )

*Notes:*

1. Assuming no exercise of any Vested Share Options and no change in the number of Shares in issue on or before the Record Date
2. Assuming all Vested Share Options having been exercised and no other change in the number of Shares in issue on or before the Record Date

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, the Company had a total of 90,000,000 Share Options (the exercise in full of which will result in the allotment and issue of 90,000,000 new Shares), of which 18,000,000 Share Options have been or will be vested on or before the Record Date (the “**Vested Share Options**”, the exercise in full of which will result in the allotment and issue of 18,000,000 new Shares).

Save as disclosed above, the Company had no other outstanding convertible bonds, options, derivatives, warrants, conversion rights or other similar rights entitling holders thereof to subscribe for or convert into or exchange for Shares as at the Latest Practicable Date.

Assuming no exercise of any Vested Share Options and no change in the number of Shares in issue on or before the Record Date, the aggregate 610,113,975 Rights Shares proposed to be allotted and issued pursuant to the terms of the Rights Issue represent approximately 40.0% of the total number of issued Shares as at the Latest Practicable Date and approximately 28.6% of the total number of issued Shares as enlarged by the issue of the Rights Shares.

Assuming all Vested Share Options having been exercised and no other change in the number of Shares in issue on or before the Record Date, the aggregate 617,313,975 Rights Shares proposed to be allotted and issued pursuant to the terms of the Rights Issue represent approximately 40.0% of the total number of issued Shares as at the Latest Practicable Date as enlarged by the issue of the new Shares upon full exercise of the Vested Share Options and approximately 28.6% of the total number of issued Shares as enlarged by the issue of the Rights Shares and the issue of new Shares upon full exercise of the Vested Share Options.

### **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 Unsubscribed Rights Shares together with the NQS Unsold Rights Shares will be placed to independent places under the Compensatory Arrangements on a best efforts basis. Any Unsubscribed Rights Shares or NQS Unsold Rights Shares which are 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.

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), or transferees of nil-paid Rights Shares (or either of them, whichever shall be appropriate), 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 with the note to Rule 7.19(5)(b) of the Listing Rules.

As at the Latest Practicable Date, the Board has not received any information or undertaking from any substantial shareholders of their intention in relation to the Rights Shares to be allotted to them under the Rights Issue.

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## LETTER FROM THE BOARD

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### The Subscription Price

The Subscription Price of HK\$0.16 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue or when a transferee of the nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 37.3% to the closing price of HK\$0.255 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 38.7% to the average closing price of approximately HK\$0.261 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 38.7% to the average closing price of approximately HK\$0.261 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 31.0% to the theoretical ex-rights price of approximately HK\$0.232 per Share based on the benchmarked price of approximately HK\$0.261 per Share;
- (v) a discount of approximately 71.0% to the net asset value of the Company of approximately HK\$0.552 per Share based on the audited net asset value attributable to owners of the Company of approximately HK\$841,327,000 as at 31 March 2023 as shown in the annual report of the Company for the year ended 31 March 2023 and divided by the existing number of Shares in issue (i.e. 1,525,284,939 Shares); and
- (vi) a discount of approximately 30.7% to the closing price of HK\$0.231 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Rights Issue would result in a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 11.1%, based on the theoretical diluted price of approximately HK\$0.232 per Share and the benchmarked price (as defined under Rule 7.27B of the Listing Rules) of approximately HK\$0.261 per Share.

The Board has noted the relatively large discount mentioned in (v) above. Nevertheless, given the preemptive nature of the Rights Issue and taking into account of the fact that the Shares were traded at a discount to the net asset value attributable to the Shareholders per Share for the six months preceding the Last Trading Day ranging from approximately 49.0% to 70.9%, with an average of approximately 59.4%, the Board is of the view that the net asset value per Share may not be a meaningful reference to determine the Subscription Price.

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## LETTER FROM THE BOARD

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The Subscription Price was determined by the Company with reference to, among others, (i) the prevailing market conditions and weak market sentiment of the capital market in Hong Kong; (ii) the recent volatility of the capital market in Hong Kong with the Hang Seng Index increased from 20,145.3 on 3 January 2023 and reached 22,688.9 on 27 January 2023, then decreased to 18,216.9 on 1 June 2023; (iii) the decrease in both (a) daily trading turnover of the Hong Kong stock market, from daily average turnover of approximately HK\$138.3 billion for June 2022 YTD to approximately HK\$115.5 billion for June 2023 YTD, or approximately 16.5%, and (b) total equity funds raised (excluding IPO) under the security market of Hong Kong, from approximately HK\$95.3 billion for June 2022 YTD to approximately HK\$56.6 billion for June 2023 YTD, or approximately 40.6%; (iv) the prevailing market price of the Shares; (v) low liquidity of the Shares for the six months preceding the Last Trading Day with the average daily trading volume of approximately 220,000 Shares, representing approximately 0.014% of the total number of issued Shares as at the Last Trading Day; (vi) net losses recorded by the Company for the year ended 31 March 2023; and (vii) reasons and benefits of the Rights Issue as discussed in the section headed “Reasons for and benefits of the Rights Issue and use of proceeds” below in this Letter.

It is a common market practice that, in order to enhance the attractiveness of rights issue to participants which includes existing shareholders, the subscription price would be set at a discount to the prevailing market prices of the relevant shares. It is observed that, for the rights issue transactions conducted by companies under the criteria that (i) the shares are listed on the Stock Exchange; (ii) the rights issue transactions completed during the 6-month period from 27 January 2023 to the Last Trading Day; and (iii) the fund raising size being less than HK\$100 million (having considered the estimated size of proceeds for the Rights Issue, being up to approximately HK\$98.8 million) (before deducting expenses), the average acceptance rate under provisional allotment and excess application was approximately 64.1%. In light of the above and with an aim to maximize the fund raised, the Directors are of the view that the Subscription Price which represents relatively large discounts to the market price and net asset value of the Shares would attract the Shareholders to participate in the Rights Issue and accordingly maintain their pro-rata shareholding in the Company and participate in the future growth of the Group. Accordingly, the Directors consider that the Subscription Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Status of the 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 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, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

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## LETTER FROM THE BOARD

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### Qualifying Shareholders

The Rights Issue is available to the Qualifying Shareholders only. 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 a Non-Qualifying Shareholder. In order to be registered as members of the Company prior to the close of business on the Record Date, all transfers of the Shares (together with the relevant share certificate(s) and/or instrument(s) of transfer) must be lodged with the Registrar at Tricor Tengis Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. (Hong Kong time) on Thursday, 17 August 2023.

Qualifying Shareholders who take up their pro-rata entitlement in full will not suffer any dilution to their interests in the Company (except in relation to any dilution resulting from the taking up by third parties of any Rights Shares arising from the aggregation of fractional entitlements).

**Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted.**

### Basis of provisional allotments

The basis of the provisional allotment shall be two (2) Rights Shares (in nil-paid form) for every five (5) existing Shares held by a Qualifying Shareholder 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 completing a PAL and lodging the same with a remittance by cheque or banker's cashier order for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

### Rights of Overseas Shareholders

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

As at the Latest Practicable Date, the Company has 4 Overseas Shareholders with registered addresses situated in the BVI and the US with the following shareholding structure:

Jurisdictions	Number of Overseas Shareholder(s)	Aggregated number of Shares held by Overseas Shareholder(s) in the jurisdiction	Approx. % of the issued share capital of the Company
BVI	3	296,296,000	19.43
US	1	800,000	0.05

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## LETTER FROM THE BOARD

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In compliance with the necessary requirements of the Listing Rules, the Company has made enquiries regarding the feasibility of extending the Rights Issue to such Overseas Shareholders and has obtained advice from BVI and US legal advisers in respect of such. The Company has been advised by BVI legal adviser that there is no legal restriction under BVI laws or under the requirements of the relevant regulatory bodies or stock exchanges in the BVI with respect to the offer of the Rights Shares to the Overseas Shareholders with registered addresses in the BVI as at the Latest Practicable Date. Accordingly, the Directors have decided to extend the Rights Issue to the Overseas Shareholders having registered addresses in the BVI.

The Company has been advised by US legal adviser that registration or filing of the Prospectus Documents and/or securing the approval required by the relevant authorities in the US is required with respect to the offer of the Rights Shares to the Overseas Shareholder with registered address in the US as at the Latest Practicable Date. Accordingly, the Directors are of the view that it is necessary and expedient not to extend the Rights Issue to the Overseas Shareholder with registered address in the US due to the time and costs involved in the registration or filing of the Prospectus Documents and/or securing the approval required by the relevant authorities in the US and/or additional steps the Company and/or Overseas Shareholder needs to take to comply with the relevant local legal or regulatory requirements in the US. Such Overseas Shareholder shall be a Non-Qualifying Shareholder. The Company reserves the right to treat as invalid any acceptance of or application for Rights Shares where it believes that such acceptance or application would violate the applicable securities laws or other laws or regulations of any territory or jurisdiction.

It is the responsibility of any person (including, without limitation, a nominee, agent and trustee) receiving the Prospectus Documents outside Hong Kong and wishing to take up the Rights Shares to satisfy themselves as to the full and relevant compliance of the laws of the relevant jurisdictions including the obtaining of any governmental or other consents and observing other formalities which may be required in such jurisdictions, and to pay any taxes, duties and other amounts required to be paid in such jurisdictions in connection therewith. Any acceptance of the Rights Shares by any person will be deemed to constitute a representation and warranty from such person to the Company that such local laws, regulations and requirements of the relevant territory or jurisdiction have been fully complied with. If you are in any doubt as to your position, you should consult a professional adviser.

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders, to be sold in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. If the proceeds from each such sale, less expenses, are more than HK\$100, the excess will be paid on a pro-rata basis (but rounded down to the nearest cent) to the relevant Non-Qualifying Shareholders in Hong Kong dollars. The Company will retain individual amounts of HK\$100 or less for its own benefit to cover the administrative costs that it would have incurred.

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## LETTER FROM THE BOARD

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### **Procedures for acceptance and payment and/or transfer**

Qualifying Shareholders should find enclosed with this Prospectus a PAL which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of Rights Shares shown therein. If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PALs, they must lodge the PALs in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by no later than 4:00 p.m. on Friday, 8 September 2023. 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 "TRICOR INVESTOR SERVICES LIMITED – A/C NO. 057" and crossed "Account Payee Only".

It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Registrar by no later than 4:00 p.m. on Friday, 8 September 2023, whether by the original allottee or any person in whose favour the provisional allotment has been validly transferred, that provisional allotment and all rights and entitlement thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole 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.

If the Qualifying Shareholders wish to accept only part of the provisional allotment or transfer part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or transfer part/all of their rights to more than one person, the original PAL must be surrendered for cancellation by no later than 4:30 p.m. on Thursday, 31 August 2023 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required. The new PALs will be available for collection from the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques or cashier's orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier's order, whether by a Qualifying Shareholder or by any nominated transferee(s), will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

If the conditions of the Rights Issue as set out in the section headed "Conditions of the Rights Issue" below are not fulfilled, the monies received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in their nil-paid form have been validly transferred or, in the case of joint acceptances, 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 or before Wednesday, 20 September 2023.

No receipt will be issued in respect of any application monies received.

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## LETTER FROM THE BOARD

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No action has been taken to permit the offering of the Rights Shares, or the distribution of the Prospectus Documents in any territory other than Hong Kong. The Prospectus Documents should not be distributed, forwarded to or transmitted to, into or from any jurisdiction where to do so might constitute a violation of local securities laws and regulations. Accordingly, no person receiving the Prospectus Documents in any territory or jurisdiction outside Hong Kong may treat it as an offer or invitation to apply for the Rights Shares, unless in the relevant jurisdiction such an offer or invitation could lawfully be made without compliance with any registration or other legal or regulatory requirements thereof. Completion and return of the PAL by anyone outside Hong Kong will be deemed to constitute a warranty and representation from such person to the Company that all local legislation, legal and regulatory requirements have been fully complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above warranty and representation. The Company reserves the right to refuse to accept any application for Rights Shares where it believes that doing so would violate the applicable securities legislation or other laws or regulations of any jurisdiction.

### **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 NQS Unsold Rights Shares and the Compensatory Arrangements**

The Company will make arrangements described in Rule 7.21(1)(b) of the Listing Rules to dispose of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by offering the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent placees for the benefit of Shareholders to whom they were offered by way of the Rights Issue. There will be no excess application arrangements in relation to the Rights Issue.

Accordingly, on 26 July 2023 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Company has appointed the Placing Agent to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares during the Placing Period to placee(s) who and whose ultimate beneficial owner(s) are Independent Third Party(ies) on a best efforts basis. Any premium over the Subscription Price for those Rights Shares that is realised will be paid to those No Action Shareholders and Non-Qualifying Shareholders on a pro-rata basis. The Placing Agent will, on a best efforts basis, procure, by not later than 4:00 p.m. on Monday, 18 September 2023, placees for all (or as many as possible) of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares. Any Unsubscribed Rights Shares and NQS Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

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## LETTER FROM THE BOARD

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Net Gain (if any) will be paid (without interest) to the relevant No Action Shareholders and Non-Qualifying Shareholders as set out below on pro-rata basis (but rounded down to the nearest cent):

- (i) the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for; and
- (ii) the relevant Non-Qualifying Shareholders with reference to their shareholdings in the Company on the Record Date.

If and to the extent in respect of any Net Gain, any No Action Shareholders or Non-Qualifying Shareholders become entitled on the basis described above to an amount of (i) more than HK\$100, the entire amount will be paid to the relevant No Action Shareholders or Non-Qualifying Shareholders in Hong Kong Dollars only; or (ii) HK\$100 or less, such amount will be retained by the Company for its own benefit.

### ***Placing Agreement for the Unsubscribed Rights Shares and NQS Unsold Rights Shares***

Details of the Placing Agreement are summarised as follows:

- Date : 26 July 2023 (after trading hours)
- Issuer : The Company
- Placing Agent : Emperor Securities Limited was appointed as the Placing Agent to procure, on a best efforts basis, places to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares during the Placing Period.

The Placing Agent is a licensed corporation to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

- Placing Period : The period commencing from the second (2nd) Business Day after the Latest Time for Acceptance and ending at 4:00 p.m. on the sixth (6th) Business Day after the Latest Time for Acceptance.
- Commission and expenses : Whether or not the Placing proceeds to completion, the Company shall pay on the Latest Time for Termination to the Placing Agent a fixed fee of HK\$300,000 (the "**Fixed Fee**"). For the avoidance of doubt, the Company is not liable to pay the Fixed Fee to the Placing Agent unless the Prospectus is despatched to the Qualifying Shareholders and the Non-Qualifying Shareholders. In addition to the Fixed Fee, subject to completion of the Placing taking place, the Company shall also pay a placing commission in Hong Kong dollars, of 1% of the amount (the "**Placing Commission**") which is equal to the placing price multiplied by the number of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares that have been successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement.

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## LETTER FROM THE BOARD

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The aggregate of the Fixed Fee and the Placing Commission shall in any event be not greater than HK\$976,000.

Placing price of the Unsubscribed Rights Shares and NQS Unsold Rights Shares : The placing price of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares shall be not less than the Subscription Price and the final price shall be determined by the Placing Agent with the agreement of the Company based on the demand for and the market conditions of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares during the process of placement.

Placees : The Unsubscribed Rights Shares and the NQS Unsold Rights Shares are expected to be placed to placee(s), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies).

For the avoidance of doubt, no placee shall become a substantial shareholder of the Company.

Ranking of the placed Unsubscribed Rights Shares and NQS Unsold Rights Shares : The placed Unsubscribed Rights Shares and NQS Unsold Rights Shares (when allotted, issued and fully-paid, if any) shall rank *pari passu* in all respects among themselves and with the existing Shares in issue as at the date of completion of the Rights Issue.

Conditions of the Placing Agreement : The obligations of the Placing Agent under the Placing Agreement are conditional upon, among others, the following conditions being fulfilled:

- (i) the Company's warranties contained in the Placing Agreement remaining true and accurate and not misleading in all material respects at all times prior to the date of completion of the Placing; and
- (ii) the Listing Committee granting the listing of, and permission to deal in, the Unsubscribed Rights Shares and the NQS Unsold Rights Shares with or without conditions.

None of the above conditions can be waived. In the event that the above conditions precedent have not been fulfilled on or before the Latest Time for Termination, all rights, obligations and liabilities of the parties under the Placing Agreement in relation to the Placing shall cease and determine and none of the parties shall have any claim against the other in respect of the Placing (save for any antecedent breaches and/or any rights or obligations which may accrue under the Placing Agreement prior to such termination).

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## LETTER FROM THE BOARD

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- Termination : Notwithstanding anything contained in the Placing Agreement, the Placing Agent may terminate the Placing Agreement without any liability to the Company, by notice in writing given to the Company at any time prior to the Latest Time for Termination upon the occurrence of the following events which, in the absolute opinion of the Placing Agent, has or may have a material adverse effect on the business or financial conditions or prospects of the Company or the Group taken as a whole or the success of the Placing or the full placement of all of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares or otherwise make it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement if there develops, occurs or comes into force:
- (a) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before on and/or after the date hereof) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industry, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent's absolute opinion would affect the success of the Placing; or
  - (b) the imposition of any moratorium, suspension (for more than 7 trading days) or restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent's absolute opinion, would affect the success of the Placing; or
  - (c) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agent's absolute opinion any such new law or change may affect the business or financial prospects of the Group and/or the success of the Placing; or
  - (d) save as disclosed to Placing Agent, any litigation or claim being instigated against any member of the Group or its senior management, which has or may affect the business or financial position of the Group and which in the Placing Agent's absolute opinion would affect the success of the Placing; or

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## LETTER FROM THE BOARD

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- (e) any breach of any of the representations and warranties given by the Company as set out in the Placing Agreement having come to the knowledge of the Placing Agent or any event having occurred or any matter having arisen on or after the date of the Placing Agreement and prior to the completion of the Rights Issue which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in a material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or
- (f) there is any material change (whether or not forming part of a series of changes) in market conditions which in the absolute opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

The terms of the Placing Agreement (including the Fixed Fee and the Placing Commission) were determined after arm's length negotiation between the Placing Agent and the Company with reference to the prevailing rate of commissions for rights issues in the market, the existing financial position of the Group, the size of the Rights Issue, and the current and expected market conditions. The Directors consider that the terms of the Placing Agreement (including the Fixed Fee and the Placing Commission) are fair and reasonable and on normal commercial terms.

As explained above, the Rights Shares that are not accepted by the Qualifying Shareholders, together with the Rights Shares that the Non-Qualifying Shareholders are entitled to under the Rights Issue, will be placed by the Placing Agent to placee(s) who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies) on a best efforts basis for the benefits of the No Action Shareholders and Non-Qualifying Shareholders. If all or any of the Unsubscribed Rights Shares and NQS Unsold Rights Shares are successfully placed, any Net Gain will be distributed to the relevant No Action Shareholders and Non-Qualifying Shareholders. Any NQS Unsold Rights Shares and/or Unsubscribed Rights Shares that are not placed by the Placing Agent will not be issued by the Company. As at the Latest Practicable Date, the Placing Agent has not identified any placee(s). In any case, any placees shall be independent among themselves and should be independent of and not acting at the direction of or having any significant relationships with any connected person of the Company. The Directors consider that the Compensatory Arrangements are fair and reasonable and provide adequate safeguard to protect the interests of the Company's minority Shareholders since the Compensatory Arrangements would provide (i) a distribution channel of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to the Company; (ii) an additional channel of participation in the Rights Issue for independent Qualifying Shareholders and the Non-Qualifying Shareholders; and (iii) a compensatory mechanism for the No Action Shareholders and Non-Qualifying Shareholders.

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## LETTER FROM THE BOARD

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Conversely, excess application is considered as a passive arrangement to facilitate additional participation of the Qualifying Shareholders. Taking into account the low liquidity of the Shares during the six months prior to the Last Trading Day, the Directors consider it would be more desirable for the Company to adopt a more active measure by way of the Compensatory Arrangements to mitigate the uncertainty of the fund raising exercise.

### **Certificates of the Rights Shares and refund cheques for the Rights Issue**

Subject to fulfilment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be sent on or before Wednesday, 20 September 2023 to those entitled thereto by ordinary post, at their own risk, to their registered addresses. Refund cheques in respect of wholly or partially unsuccessful applications for Rights Shares (if any) are expected to be posted on or before Wednesday, 20 September 2023, by ordinary post to the applicants, at their own risk, to their registered addresses.

### **Fractional entitlement to the Rights Shares**

The Company will not provisionally allot fractions of Rights Shares. All fractions of Rights Shares will be aggregated and sold in the market and, if a premium (net of expenses) can be achieved, the Company will keep the net proceeds for its own benefit. Any of these Rights Shares remain not sold in the market will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

### **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 Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sale of the nil-paid Rights Shares on their behalf.

### **Application for listing of the Rights Shares**

The Company has applied to the Listing Committee for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be issued and allotted pursuant to the Rights Issue. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges. Dealing in the Rights Shares in both their nil-paid and fully-paid forms will be in the board lots of 6,000 Rights Shares.

### **Rights Shares will be eligible for admission into CCASS**

Subject to the granting of the listing of, and the permission to deal in, the Rights Shares (in both their 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 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 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. 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 licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

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## LETTER FROM THE BOARD

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### Conditions of the Rights Issue

The Rights Issue is conditional upon the fulfilment of the following conditions:

- (i) the delivery to the Stock Exchange and filing and registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents, each duly signed by the Directors (or by their agents duly authorised in writing) on or before Prospectus Posting Date in compliance with the Companies (WUMP) Ordinance (and all other documents required to be attached thereto) and otherwise complying with the requirements of the Companies (WUMP) Ordinance and the Listing Rules;
- (ii) the posting of copies of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus to the Non-Qualifying Shareholders, if any, for information purpose only;
- (iii) the Placing Agreement not having been terminated in accordance with the provisions thereof, and remaining in full force and effect; and
- (iv) the Listing Committee granting or agreeing to grant and not having withdrawn or revoked the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms.

None of the above conditions can be waived. The Company shall use its reasonable endeavours to procure the fulfilment of the conditions above (to the extent it is within its power to do so) and shall do all the things required to be done by it pursuant to the Prospectus Documents or otherwise reasonably necessary to give effect to the Rights Issue. If any of the conditions referred to above are not fulfilled at or before the Latest Time for Termination, the Rights Issue will not proceed.

**As the proposed Rights Issue is subject to the fulfilment of the above conditions, it may or may not proceed. Shareholders and public investors are advised to exercise caution in dealing in the securities of the Company.**

### REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS

The principal activity of the Company is investment holding. The Group is principally engaged in (i) trading of goods; (ii) finance leasing; (iii) money lending; (iv) securities and futures dealing and related consultancy services; (v) provision of international air and sea freight forwarding and logistic services; (vi) securities trading; (vii) property investment; (viii) building architecture and interior design services and data analytical services; (ix) property agency service; (x) entrusted construction and projects management services; (xi) provision of heating and cooling supply by geothermal energy; (xii) building construction contracting; and (xiii) centralised heating business.

The Board had considered fund raising by debt financing, however it would create additional interest burden on and result in a higher gearing ratio of the Group, especially with recent global interest rate hikes; and subject the Group to repayment obligations which are less beneficial to the Group. In view of this, the Board has avoided raising funds via debt financing on this occasion.

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## LETTER FROM THE BOARD

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Equity fund raising, such as the placing of new Shares, would be relatively small scale as compared to a rights issue and it would not allow the Qualifying Shareholders to participate in the fund raising exercise and their respective shareholdings in the Company would be diluted without an equal opportunity to maintain their proportionate interests in the Company.

In comparison, the Rights Issue is pre-emptive in nature, allowing Qualifying Shareholders to maintain their respective pro-rata shareholding through their participation in the Rights Issue. Pursuant to the Rights Issue, the Qualifying Shareholders may (a) increase their respective interests in the shareholding of the Company by acquiring additional rights entitlement in the open market (subject to availability); or (b) reduce their respective interests in the shareholding of the Company by disposing of their rights entitlements in the open market (subject to market demand). The Board considers that the Rights Issue effected on a pro-rata basis gives all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company, whereas an open offer does not provide Shareholders with the same opportunity to increase or decrease their respective interests in the shareholding of the Company as described above. As such, the Board considered an open offer to be less favourable to the Shareholders and did not pursue it. The Board considers it is prudent and preferable to finance the long-term growth of the Group in the form of equity fund raising which will not increase the Group's financing costs. In addition, the Board believes that the Rights Issue will enable the Group to strengthen its capital base and enhance its financial position for future strategic investments as and when such opportunities arise.

The estimated net proceeds of the Rights Issue, if fully subscribed, will be up to approximately HK\$94.4 million (assuming no exercise of any Vested Share Option and no change in the number of Shares in issue on or before the Record Date) and approximately HK\$95.6 million (assuming all Vested Share Options having been exercised and no other change in the number of Shares in issue on or before the Record Date). The Company intends to utilise the net proceeds from the Rights Issue in the following manner:

- (i) HK\$15.0 million for the settlement of the balance of the consideration for the acquisition of 42% of the issued shares of Treasure Cart Holdings Limited (details of which were set out in the announcement of the Company dated 10 August 2021). The Group has not settled the balance by the agreed timeline as the Group's business operations were affected by the outbreak of COVID-19 and the market operations were also interrupted in the pandemic era. Under such extreme circumstances, after further negotiation with the vendor, the vendor (a) has agreed the Group to defer the payment of the remaining balance due to the impact of COVID-19 in past years; and (b) has requested the Group to settle the remaining balance by the end of September 2023 beyond which the vendor may consider taking legal action. Accordingly, the Group reallocated the internal resources originally designated for the settlement of remaining balance and utilised such resources for the Group's operation in a more timely and expedient manner in light of the impact of COVID-19. As at the Latest Practicable Date, the Group expects to utilise such proceeds by the end of September 2023;
- (ii) HK\$20.0 million for operation of the existing businesses of the Group, in particular implementing (a) supply-chain enhancement measures and (b) renovation and upgrading plans of facilities and infrastructure for the Group's centralised heating business and geothermal energy business. The enhancement measures includes implementation of stockpiling coal during summer session, i.e. offseason purchasing. With reference to the actual coal consumption for the financial year ended 31 March 2023 of approximately 67,000 tons, it is estimated that the coal consumption level for the coming financial year would remain similar at 65,000 tons. The Company is planning to reserve coal in the off-season and purchase around 50,000 tons during the summer. With reference to the current summer coal price of approximately RMB550 per ton, the total amount is expected to be around RMB30.0 million. Compared with the weighted average price of coal in the last winter of approximately RMB750 per ton, it is estimated that off-season purchasing can save around RMB10 million in cost, which in turn may improve the profitability of centralised heating business of the Group. As at the Latest Practicable Date, the Group expects to utilise such proceeds by the end of the fourth quarter of 2023;

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## LETTER FROM THE BOARD

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- (iii) HK\$35.0 million for future strategic investments in relation to data analytical service business to facilitate the New Retailing business, including but not limited to further investment in subsidiaries of the Company and/or acquisition of other new targets in such fields, as and when such opportunities arise. As at the Latest Practicable Date, the Group expects to utilise such proceeds by the end of the first quarter of 2024;
- (iv) HK\$10.0 million for capital contribution of certain subsidiaries of the Company, including Beijing Gong Sheng Data Technology Co., Ltd.\* (北京共生數據科技有限公司), for the purposes of exploring and developing big data and digital-related businesses, including but not limited to the New Retailing business and metaverse-related businesses, by leveraging the Group's experience in the data analytical service business. As at the Latest Practicable Date, the Group expects to utilise such proceeds by the end of the fourth quarter of 2024; and
- (v) remaining net proceeds of approximately HK\$15.0 million for general working capital of the Group. As at the Latest Practicable Date, the Group expects to utilise such proceeds by the end of the first quarter of 2024.

In the event that there is an under-subscription of the Rights Issue and the Placing (as the case may be), the net proceeds of the Rights Issue and the Placing (as the case may be) will be allocated and utilised in accordance with the above sequential order of proposed uses.

The real-estate related businesses of the Group, which has been the key contributor to the Group's revenue, accounted for approximately 55.3% and 70.2% of the total revenue of the Group for the financial years ended 31 March 2022 and 2023, respectively. The Directors consider that it is of utmost importance for the Group to seek new profit growth drivers to overcome the recent challenges and adverse market condition in the real estate market in the PRC. In contrast, benefited from the acquisition of Treasure Cart Holdings Limited in 2019 as important part of its early layout of big data and digital-related businesses, the Group has equipped itself with sufficient resources to explore and formulate strategic development plan in relevant fields.

The Group intends to leverage its know-how in big data in the New Retailing business, a new model of shopping that provides customers with a seamless online and offline shopping experience. In particular, by adopting an online-merge-offline business model, having both online and offline presence and utilising the power of technology, the products would be promoted on social media platforms and reach a wider range of audience to create synergy with traditional marketing and promotion. The New Retailing business in the PRC is under rapid development in recent years due to the COVID-19 pandemic and has become a market focus. The Group intends to take full advantage of the Company's strengths in big data to establish efficient marketing strategies and to broaden the sales channels for its existing principal businesses, namely its trading and real-estate related businesses. For instance, under the New Retailing business model, the Group may, in addition to the existing traditional office sales channels, promote its trading goods and the properties under its property brokerage business on the well-known online platforms (e.g. social networking sites and e-commerce platforms) with the aid of data analytical service to widen the audience base, identify the consumer preferences and provide a better user experience with the integration of online sales and promotion.

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## LETTER FROM THE BOARD

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With the development of the innovative technology, the retail landscape has been evolving. Retailers need to react to the dynamics of technology, customer needs and the market to enhance its competitiveness. Hence, data analysis and artificial intelligence integration play an important role in such market landscape. New retailing highly depends on the corresponding technology support. For example, the process of data collection and big data analysis assist the retailer to capture the consumer behaviour and market preference. Riding on (i) the development of the data analytical service business of the Group in the past few years; (ii) the experience of the Group in its existing trading and real-estate related businesses; and (iii) the know-how of integrating big data and artificial intelligence with the real-estate related business of the Group, the Directors are of the view that the Group should seize the opportunity to extend the application of big data to the New Retailing sector with an aim to diversify its revenue stream and differentiate itself from its conventional operations, which the Directors consider would be in the interests of the Company and its Shareholders as a whole.

The Directors consider that daily necessity products are a good entry point for the Group to extend its New Retailing business model as it has a wide spectrum of audience which would be beneficial to data collection.

Apart from exploring real estate sales in the New Retailing business, the Group intends to extend its coverage to daily necessity products such as food, beverage and beauty products in order to further broaden its audience base while diversifying its revenue stream. Despite the fact that the Group is not experienced in New Retailing business, the Group is equipped with relevant knowledge and experience in big data and artificial intelligence integration, which are the foundation of New Retailing business as explained above. As at the Latest Practicable Date, the Group has been exploring opportunities in New Retailing business and actively negotiating with several well-established companies and teams for potential cooperation, including those experienced in daily necessity products. The Group will continue to develop and optimise its data analytical infrastructure, which is essential in New Retailing and to explore the opportunities in New Retailing industry leveraging on its experience in data analytical services. To capture the momentum of the development of New Retailing in PRC, the Directors believe that commencing relevant business around the iconic e-commerce dates such as the national day, Double 11 and Double 12 in the second half of 2023 would bring greatest benefit for the Group. In view of the above timeframe of the Rights Issue, it would be beneficial to the Group's business development if the required funding could be ready as soon as practicable mainly for inventory, warehouse and logistics cost, network and promotional fee, taking into account an approximate 3-month preparation period.

Taken into account (i) the strategic development plan of the Group and the expected capital requirement; (ii) the short term capital needs for existing business operation; and (iii) the cash position of the Group as at 31 May 2023 of approximately HK\$33.4 million (which (a) comprised of approximately HK\$11.5 million that is required to be maintained by licensed subsidiaries of the Group to comply with the relevant laws and regulations; and (b) was after utilisation of the proceeds from early redemption of the promissory note of HK\$30 million together with an interest of approximately HK\$1.77 million as announced by the Company on 14 March 2023 in the settlement of construction service fee payable in the amount of approximately RMB25 million and heating cost fee payable in the amount of approximately RMB3 million from mid-March 2023 to May 2023), the Directors consider that it is appropriate to propose the Rights Issue as a means of fund raising which would not only improve the capital structure of the Group and meet the short-term funding needs of the Group's existing businesses, but also provide the flexibility and ability for the Group's future business expansion. The Directors also consider that the terms of the Rights Issue and the Placing, including the Subscription Price and the rate of the Placing Commission, are fair and reasonable based on current market conditions. Accordingly, the Board considers that the Rights Issue and the Placing are in the interests of the Company and the Shareholders as a whole.

## LETTER FROM THE BOARD

### EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

For illustration purposes only, set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Rights Issue (assuming all Shareholders have taken up their respective allotment of Rights Shares in full); and (iii) immediately after completion of the Rights Issue (assuming none of the Qualifying Shareholders has taken up any entitled Rights Shares and all Unsubscribed Rights Shares and NQS Unsold Rights Shares have been placed by the Placing Agent):

- (a) Assuming no exercise of any Vested Share Options and no change in the number of Shares in issue on or before the Record Date:

	As at the Latest Practicable Date		Immediately upon completion of the Rights Issue			
	No. of Shares	Approx. % (Note 5)	Assuming all Shareholders have taken up their respective allotment of Rights Shares in full		Assuming none of the Shareholders has taken up any entitled Rights Shares and all Unsubscribed Rights Shares and NQS Unsold Rights Shares have been placed by the Placing Agent	
			No. of Shares	Approx. % (Note 5)	No. of Shares	Approx. % (Note 5)
<b>Substantial Shareholders (Note 6)</b>						
Sunbow Int'l Enterprise Limited ("Sunbow") (Note 1)	244,296,000	16.02%	342,014,400	16.02%	244,296,000	11.44%
Ping Pacific Limited ("Ping Pacific") (Note 2)	115,935,000	7.60%	162,309,000	7.60%	115,935,000	5.43%
Wang Yicheng (Note 3)	90,720,000	5.95%	127,008,000	5.95%	90,720,000	4.25%
South Leader Limited ("South Leader") (Note 4)	76,324,110	5.00%	106,853,754	5.00%	76,324,110	3.57%
<b>Directors</b>						
Mr. Liu Tonghui	10,000,000	0.66%	14,000,000	0.66%	10,000,000	0.47%
Mr. Qin Jie	6,000,000	0.39%	8,400,000	0.39%	6,000,000	0.28%
Mr. Li Haitao	3,000,000	0.20%	4,200,000	0.20%	3,000,000	0.14%
Ms. Tao Lei	2,692,000	0.18%	3,768,800	0.18%	2,692,000	0.13%
<b>Public Shareholders (Note 7)</b>						
Independent places	–	–	–	–	610,113,975	28.57%
Other public Shareholders	976,317,829	64.00%	1,366,844,960	64.00%	976,317,829	45.72%
<b>Total</b>	<b>1,525,284,939</b>	<b>100.00%</b>	<b>2,135,398,914</b>	<b>100.00%</b>	<b>2,135,398,914</b>	<b>100.00%</b>

## LETTER FROM THE BOARD

- (b) Assuming all Vested Share Options having been exercised as at the Latest Practicable Date and no other change in the number of Shares in issue on or before the Record Date:

	Immediately upon completion of the Rights Issue					
	As at the Latest Practicable Date		Assuming all Shareholders have taken up their respective allotment of Rights Shares in full		Assuming none of the Shareholders has taken up any entitled Rights Shares and all Unsubscribed Rights Shares and NQS Unsold Rights Shares have been placed by the Placing Agent	
	No. of Shares	Approx. % (Note 5)	No. of Shares	Approx. % (Note 5)	No. of Shares	Approx. % (Note 5)
<b>Substantial Shareholders (Note 6)</b>						
Sunbow (Note 1)	244,296,000	15.83%	342,014,400	15.83%	244,296,000	11.31%
Ping Pacific (Note 2)	115,935,000	7.51%	162,309,000	7.51%	115,935,000	5.37%
Wang Yicheng (Note 3)	90,720,000	5.88%	127,008,000	5.88%	90,720,000	4.20%
South Leader (Note 4)	76,324,110	4.95%	106,853,754	4.95%	76,324,110	3.53%
<b>Directors</b>						
Mr. Liu Tonghui	10,000,000	0.65%	14,000,000	0.65%	10,000,000	0.46%
Mr. Qin Jie	6,000,000	0.39%	8,400,000	0.39%	6,000,000	0.28%
Mr. Li Haitao	3,000,000	0.19%	4,200,000	0.19%	3,000,000	0.14%
Ms. Tao Lei	2,692,000	0.17%	3,768,800	0.17%	2,692,000	0.12%
<b>Public Shareholders (Note 7)</b>						
Independent places	–	–	–	–	617,313,975	28.57%
Other public Shareholders	994,317,829	64.43%	1,392,044,960	64.43%	994,317,829	46.02%
<b>Total</b>	<b><u>1,543,284,939</u></b>	<b><u>100.00%</u></b>	<b><u>2,160,598,914</u></b>	<b><u>100.00%</u></b>	<b><u>2,160,598,914</u></b>	<b><u>100.00%</u></b>

*Notes:*

1. 244,296,000 Shares are held by Sunbow. Mr. Wang Baoning is the sole shareholder of Sunbow and, by virtue of the SFO, he is deemed to be interested in all the Shares beneficially held by Sunbow.
2. 115,935,000 Shares are held by Ping Pacific. Mr. Yeung Yat Ping is the sole shareholder of Ping Pacific and, by virtue of the SFO, he is deemed to be interested in all the Shares beneficially held by Ping Pacific.
3. 59,970,000 Shares and 30,750,000 Shares are beneficially held by Mr. Wang Yicheng and Glorious Investment Enterprise Ltd., respectively. Mr. Wang Yicheng is the sole shareholder of Glorious Investment Enterprise Ltd. and, by virtue of the SFO, he is deemed to be interested in all the Shares beneficially held by Glorious Investment Enterprise Ltd.
4. 76,324,110 Shares are held by South Leader. Mr. Li Meng Zhe is the sole shareholder of South Leader and, by virtue of the SFO, he is deemed to be interested in all the Shares beneficially held by South Leader.
5. The percentage is calculated on the basis of 1,525,284,939 Shares as at the Latest Practicable Date.
6. Substantial shareholder(s) disclosed herein holds interests in the Shares which fall to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO.
7. The public float requirements under the Listing Rules shall be fulfilled by the Company upon completion of the Rights Issue. The Company will take all appropriate steps to ensure that sufficient public float shall be maintained at all times in compliance with Rule 8.08 of the Listing Rules.

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## LETTER FROM THE BOARD

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### **EQUITY FUND RAISING ACTIVITIES OF THE COMPANY FOR THE PAST TWELVE MONTHS AND POSSIBLE CHANGE IN USE OF PROCEEDS FROM THE PREVIOUS RIGHTS ISSUE**

The Company has not conducted any equity fund raising activity in the 12 months immediately preceding the Latest Practicable Date.

Reference is made to the section headed “Reasons for and benefits of the rights issue and use of proceeds” in the “Letter from the Board” of the prospectus of the Company dated 17 June 2021 in relation to the rights issue of the Company which completed on 14 July 2021 (the “**Previous Rights Issue**”). As at the Latest Practicable Date, an amount of approximately HK\$11.0 million out of the net proceeds from the Previous Rights Issue, which was intended to be applied for the settlement of unpaid investment sum to Tiandi Youdamei (Beijing) Cultural Tourism Company Limited\* (天地有大美(北京)文旅有限公司) (“**Tiandi Youdamei**”), remained unused.

Tiandi Youdamei and its subsidiaries are principally engaged in hotel operation and management and the hospitality field has been affected by the COIVD-19 pandemic in recent years. As such, the synergy effect of this investment with the Group’s current businesses is lower than expected. The Group has been in negotiation with the other shareholder of Tiandi Youdamei for possible disposal of its shareholding in Tiandi Youdamei. In the event that the aforesaid disposal transaction is realized, the Group will recoup approximately HK\$0.6 million from the disposal and further investment in Tiandi Youdamei will not proceed. Accordingly, the net proceeds of approximately HK\$11.0 million from the Previous Rights Issue will be used as general working capital of the Group instead. In addition, assuming the Rights Issue is fully subscribed and after the above-mentioned possible change in use of proceeds from the Previous Rights Issue, the maximum net proceeds of approximately HK\$26.0 million will be used as general working capital of the Group. In particular, as at the Latest Practicable Date, the Group intends to fully utilise the aforesaid proceeds for the Group’s administrative and other expenses, the staff costs and finance costs.

### **WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND RIGHTS SHARES IN NIL-PAID FORM**

**The Rights Issue is subject to the fulfilment of conditions including, among other things, the Listing Committee granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the paragraph headed “Conditions of the Rights Issue” above in this Prospectus.**

**Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not fulfilled, the Rights Issue will not proceed. The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares. Any dealings in the Shares from the Latest Practicable Date 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 nil-paid form are recommended to consult their professional advisers.**

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## LETTER FROM THE BOARD

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Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

### ADDITIONAL INFORMATION

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

By Order of the Board  
**China Best Group Holding Limited**  
**Mr. Qin Jie**  
*Executive Director and Chief Executive Officer*

**A. FINANCIAL INFORMATION OF THE GROUP**

Financial information of the Group for the twelve months ended 31 December 2020, for the fifteen months ended 31 March 2021, for the years ended 31 March 2022 and 31 March 2023 are disclosed on pages 5 to 58 of the second interim report of the Company for the twelve months ended 31 December 2020, pages 73 to 214 of the annual report of the Company for the fifteen months ended 31 March 2021, pages 80 to 210 and pages 77 to 230 of the annual reports of the Company for the years ended 31 March 2022 and 2023, respectively, all of which are published on the website of the Stock Exchange at <http://www.hkexnews.hk>, and the website of the Company at <http://www.cbgroup.com.hk>.

**B. INDEBTEDNESS**

As at the close of business on 30 June 2023, being the latest practicable date for the purpose of ascertaining this indebtedness statement of the Group prior to the printing of this Prospectus, the Group had the following liabilities:

	<i>HK\$'000</i>
<b>Secured and Guaranteed:</b>	
– Trust loans ( <i>Note (i)</i> )	215,507
– Bank loans ( <i>Note (ii)</i> )	88,358
– Short term loan ( <i>Note (iii)</i> )	2,602
<b>Unsecured and Unguaranteed:</b>	
– Short term loans	3,513
– Long-term loan	323
Consideration payables	36,551
Advance from subcontractors	96,469
Trust loan interest payable	33,515
Short term loans interest payable	97
Lease liabilities	<u>1,440</u>
Total borrowings and payables	<u><u>478,375</u></u>

*Notes:*

- (i) Pursuant to the trust loan agreements (as amended and supplemented), the trust loans are secured by pledging of (i) 100% shareholding of Jiangsu Meili Kongjian Construction Design Development Co., Ltd\* (江蘇美麗空間建築設計產業發展有限公司) (“Jiangsu Meili Kongjian”) and 70% shareholding of Baoshihua Geothermal Energy Development Co., Ltd.\* (寶石花地熱能開發有限公司) with respective carrying value as at 30 June 2023 in amount of approximately HK\$18,572,000 and approximately HK\$127,223,000, (ii) the land use right held by Jiangsu Meili Kongjian and any constructions thereon with aggregate carrying values as at 30 June 2023 in amount of HK\$82,716,000; and are guaranteed by (i) Jiangsu Meili Kongjian, and (ii) irrevocable corporate guarantee provided by the Company. According to the repayment schedule discussed between the Company and the lender, the interest payment of approximately RMB24,000,000 due on 31 July 2023 will be fully settled by the end of September 2023.

- (ii) The secured bank loans are secured by (i) the corporate guarantee provided by independent third parties, (ii) personal guarantee of a Director of the Company; (iii) certain flats of the investment properties held by the Group and certain properties held by an independent third party with aggregate carrying values as at 30 June 2023 in amount of approximately HK\$113,477,000 and approximately HK\$16,217,000 respectively; and (iv) corporate guarantee provided by certain subsidiaries of the Company.
- (iii) It represents a short term loan secured by pledging of certain assets with aggregate carrying values as at 30 June 2023 in amount of approximately HK\$2,600,000 and a corporate guarantee provided by a subsidiary of the Company.
- (iv) The above secured and guaranteed trust loans, bank loans and short term loan are denominated in Renminbi.

As at the close of business on 30 June 2023, the Group had the contingent liabilities specified in the paragraph headed “Litigation” in the Appendix III of this Prospectus.

Save as disclosed above and apart from intra-group liabilities and normal trade payables in the ordinary course of the Group’s business, as at the close of business on 30 June 2023, the Directors are not aware of the Group having other outstanding mortgages, charges, debentures or other loan capital, bank overdrafts or loans, other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities.

### **C. WORKING CAPITAL**

The Directors, after due and careful considerations, are of the opinion that, after taking into account the present internal financial resources of the Group and the estimated net proceeds from the Rights Issue, the Group has sufficient working capital for the Group’s requirements for at least twelve months from the date of this Prospectus.

### **D. MATERIAL ADVERSE CHANGE**

The Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 March 2023, being the date to which the latest audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

### **E. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

Since 2023, the COVID-19 pandemic prevention and control policy has been adjusted significantly, leading to the orderly resumption of social production and life and the strong rebound of the Chinese economy after reopening. Stimulated by demand-side policies such as interest rate cuts and relaxation of purchase and loan restrictions, China’s real estate industry has experienced a steady rise in sales, but the logic and trend of long-term real estate growth may have changed. The Group’s businesses (especially the real estate-related service businesses) are gradually recovering after experiencing the downturn caused by the pandemic. On the basis of utilizing favourable policies to stabilize the existing businesses, the Group is also constantly seeking new structural adjustments and new development opportunities to increase the Group’s profitability and enhance its sustainable operating capabilities.

The Group is currently reviewing and weighing its existing resources, including the experience, expertise and personal network of directors and management of the Company, aiming to further expand the existing major businesses and explore possible development and cooperation. While the existing businesses are developing steadily, the Group intends to expand its business into the New Retailing field by virtue of its development of big data and digital-related businesses in the past few years, as well as the Group's experience and advantages in the traditional trading business. The New Retailing industry, which is based on the Internet and upgraded by applying advanced technologies such as big data and artificial intelligence, has achieved a rapid and strong development in recent years. The application of big data services in the New Retailing industry has become an innovative way for merchants to boost sales and to stimulate new momentum to the new retail industry. It is believed to have promising prospect.

As for the existing principal businesses, the Group is also assessing their development direction and consolidating the business foundation, including but not limited to the following aspects: (i) in terms of trading business, the Group will explore business opportunities in international trade and Mainland China trade of commodities and frozen foods; (ii) in terms of freight forwarding business, the Group will discuss with the local operating team in Singapore on the possibility of management buyout; (iii) in terms of finance leasing business, the Group has no plan to develop new business cooperation and will continue to adopt a prudent approach in seeking suitable opportunities with a balance of risks and returns; (iv) in terms of securities investment business, the Group will suspend this business in view of the current macro environment, and will carefully consider investment when suitable opportunities arise; and (v) in terms of geothermal energy business, the Group intends to expand the business to other regions in China by leveraging its existing operation at Xi'an and Henan.

Looking forward, the Group will strive to strengthen its customer base and diversify its product and service mix across different business segments. The Group firmly believes that challenges and opportunities coexist under the current situation. The Group will take prudent measures to control operational risks and continue to expand its business by exploring new opportunities.

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**APPENDIX II                      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP**

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**A. STATEMENT OF AUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS**

The statement of unaudited pro forma adjusted consolidated net tangible assets of the Group prepared in accordance with Paragraph 13 of Appendix 1B and Paragraph 29 of Chapter 4 of the Listing Rules is set out below to illustrate the effects of the Rights Issue on the consolidated net tangible assets of the Group as if the Rights Issue had taken place on 31 March 2023.

The statement of unaudited pro forma adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only, based on the judgements and assumptions of the Directors of the Company, and because of its hypothetical nature, may not give a true picture of the financial position of the Group following the Rights Issue.

The following statement of unaudited pro forma adjusted consolidated net tangible assets of the Group is based on the audited consolidated net tangible assets of the Group as at 31 March 2023, adjusted as described below:

- (a) Assuming no exercise of any Vested Share Options and no change in the number of Shares in issue:

<b>Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2023 <i>(Note 1)</i> HK\$'000</b>	<b>Estimated net proceeds from the Rights Issue <i>(Note 2)</i> HK\$'000</b>	<b>Unaudited pro forma adjusted consolidated net tangible assets of the Group as at 31 March 2023 HK\$'000</b>
<u>584,890</u>	<u>94,429</u>	<u>679,319</u>

Audited consolidated net tangible assets per existing Share before completion of the Rights Issue *(Note 3)*

HK\$0.38

Unaudited pro forma adjusted consolidated net tangible assets per Share immediately after completion of the Rights Issue *(Note 4)*

HK\$0.32

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**APPENDIX II                      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP**

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- (b) Assuming all Vested Share Options having been exercised and no other change in the number of Shares in issue:

<b>Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2023 (Note 5) HK\$'000</b>	<b>Estimated net proceeds from the Rights Issue (Note 6) HK\$'000</b>	<b>Unaudited pro forma adjusted consolidated net tangible assets of the Group as at 31 March 2023 HK\$'000</b>
<u>599,290</u>	<u>95,580</u>	<u>694,870</u>

Audited consolidated net tangible assets per Share immediately after exercise of Vested Share Options but before completion of the Rights Issue (Note 7)

HK\$0.39

Unaudited pro forma adjusted consolidated net tangible assets per Share immediately after exercise of Vested Share Options and completion of the Rights Issue (Note 8)

HK\$0.32

*Notes:*

1. The audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 March 2023 are based on the consolidated net assets attributable to the owner of the Company in the audited consolidated statement of financial position of the Group as at 31 March 2023 after deducting goodwill and intangible assets of approximately HK\$255,626,000 and HK\$811,000, respectively.
2. The estimated net proceeds from the Rights Issue are based on 610,113,975 Rights Shares at the Subscription Price of HK\$0.16 per Rights Share, after deduction of the underwriting fees and other share issue related expenses payable by the Company of approximately HK\$3,200,000.
3. Based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2023 of approximately HK\$584,890,000 and 1,525,284,939 existing shares in issue as at 31 March 2023 before implementation of the Rights Issue.
4. The unaudited pro forma adjusted consolidated net tangible assets of the Group per Share is calculated based on 2,135,398,914 Shares in issue immediately following the completion of the Rights Issue assumed to be on 31 March 2023 and assuming that no exercise of any Vested Share Options.

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**APPENDIX II                      UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP**

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5. The audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 March 2023 are based on the consolidated net assets attributable to the owner of the Company in the audited consolidated statement of financial position of the Group as at 31 March 2023 after adding the proceed from exercise of Vested Share Options of HK\$14,400,000 and deducting goodwill and intangible assets of approximately HK\$255,626,000 and HK\$811,000, respectively.
6. The estimated net proceeds from the Rights Issue are based on 617,313,975 Rights Shares at the Subscription Price of HK\$0.16 per Rights Share, after deduction of the underwriting fees and other share issue related expenses payable by the Company of approximately HK\$3,200,000.
7. Based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2023 of approximately HK\$599,290,000 and 1,543,284,939 existing shares in issue as at 31 March 2023 after exercise of Vested Share Options but before implementation of the Rights Issue.
8. The unaudited pro forma adjusted consolidated net tangible assets of the Group per Share is calculated based on 2,160,598,914 Shares in issue immediately following the exercise of Vested Share Options and completion of the Rights Issue assumed to be on 31 March 2023.

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

*The following is the text of a report, prepared for the sole purpose of inclusion in this prospectus, from the independent reporting accountant, ZHONGHUI ANDA CPA Limited, Certified Public Accountants, Hong Kong.*

**ZHONGHUI ANDA CPA Limited**

*Certified Public Accountants*

25 August 2023

The Board of Directors  
China Best Group Holding Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of China Best Group Holding Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company for illustrative purposes only. The pro forma financial information consists of the pro forma adjusted consolidated net tangible assets as at 31 March 2023 as set out on pages II-1 to II-3 of the prospectus issued by the Company (the “**Prospectus**”). The applicable criteria on the basis of which the directors have compiled the pro forma financial information are described on pages II-1 to II-3.

The pro forma financial information has been compiled by the directors to illustrate the impact of the Rights Issue on the Group’s net tangible assets as at 31 March 2023 as if the transaction had been taken place at 31 March 2023. As part of this process, information about the Group’s net tangible assets has been extracted by the directors from the Group’s consolidated financial statements as included in the annual report for the year ended 31 March 2023, on which an audit report has been published.

**Directors’ Responsibility for the Pro Forma Financial Information**

The directors are responsible for compiling the pro forma financial information in accordance with paragraph 13 of Appendix 1B and paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline (“**AG**”) 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

**Our Independence and Quality Management**

We have complied with the independence and other ethical requirements 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, which requires the firm to design, implement and operate a system of quality management including policies or 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 29(7) of Chapter 4 of the Listing Rules, on the 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 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 pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” 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 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 pro forma financial information.

The purpose of pro forma financial information included in the 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 event or transaction at 31 March 2023 would have been as presented.

A reasonable assurance engagement to report on whether the 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 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 pro forma adjustments give appropriate effect to those criteria; and
- The 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 accountant’s understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

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

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

We make no comments regarding the reasonableness of the amount of net proceeds from the Rights Issue, the application of those net proceeds, or whether such use will actually take place as described under “Reasons for and Benefits of the Rights Issue and the Use of Proceeds” set out on page 22 of the Prospectus.

**Opinion**

In our opinion:

- (a) the pro forma financial information has been properly compiled 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 pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,

**ZHONGHUI ANDA 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 Listing Rules for the purpose of giving information with regard to the Group. 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

Assuming there is no change in the issued share capital of the Company from the Latest Practicable Date to completion of the Rights Issue and full acceptance of the Rights Shares, the authorised and issued share capital of the Company as at the Latest Practicable Date were, and immediately following completion of the Rights Issue will be, as follows:

#### *(I) As at the Latest Practicable Date*

	<b>Number of Shares</b>	<b>Nominal value of ordinary Shares HK\$</b>
Authorised:		
Shares of HK\$0.10 each	<u>25,000,000,000</u>	<u>2,500,000,000</u>
Issued and fully paid:		
Shares of HK\$0.10 each	<u>1,525,284,939</u>	<u>152,528,493.9</u>

***(II) Immediately following the completion of the Rights Issue (assuming no exercise of any Vested Share Options and no change in the number of issued Shares and full acceptance of Rights Shares by all Qualifying Shareholders or all Unsubscribed Rights Shares and NQS Unsold Rights Shares have been placed by the Placing Agent)***

	Number of Shares	Nominal value of ordinary Shares HK\$
Authorised:		
Shares of HK\$0.10 each	<u>25,000,000,000</u>	<u>2,500,000,000</u>
Issued and fully paid:		
Shares of HK\$0.10 each	1,525,284,939	152,528,493.9
Rights Shares to be issued pursuant to the Rights Issue of HK\$0.10 each	<u>610,113,975</u>	<u>61,011,397.5</u>
Shares in issue immediately after completion of the Rights Issue	<u>2,135,398,914</u>	<u>213,539,891.4</u>

***(III) Immediately following the completion of the Rights Issue (assuming all Vested Share Options having been exercised and no change in the number of issued Shares and full acceptance of Rights Shares by all Qualifying Shareholders or all Unsubscribed Rights Shares and NQS Unsold Rights Shares have been placed by the Placing Agent)***

	Number of Shares	Nominal value of ordinary Shares HK\$
Authorised:		
Shares of HK\$0.10 each	<u>25,000,000,000</u>	<u>2,500,000,000</u>
Issued and fully paid:		
Shares of HK\$0.10 each	1,525,284,939	152,528,493.9
Issue of Shares of HK\$0.10 each assuming full exercise of Vested Share Options	18,000,000	1,800,000
Rights Shares to be issued pursuant to the Rights Issue of HK\$0.10 each	<u>617,313,975</u>	<u>61,731,397.5</u>
Shares in issue immediately after completion of the Rights Issue	<u>2,160,598,914</u>	<u>216,059,891.4</u>

**(b) Share options**

The Company operates the share option scheme (the “**Share Option Scheme**”) for the purpose of providing incentives and rewards to eligible participants for their contribution to, and continuing efforts to promote the interests the Group. The Share Option Scheme was adopted on 1 September 2021 and took effect from 2 September 2021 (the “**Effective Date**”) and, unless otherwise cancelled or amended, will remain in force for 10 years from the Effective Date. In determining the basis of eligibility of each participant, the Directors would take into account such factors as appropriate.

As at the Latest Practicable Date, there are outstanding Share Options for subscription of an aggregate of 90,000,000 Shares under the Share Option Scheme, please refer to the announcements of the Company dated 28 April 2022 and 13 May 2022 and the annual report of the Company for the year ended 31 March 2023 for further details. Set out below is the summary of the outstanding Share Options as at the Latest Practicable Date:

Category of participants	Date of grant	Exercisable period	Exercise price	Outstanding Share options as at the Latest Practicable Date
Employees ( <i>Note (i)</i> )	28 April 2022	28 April 2022 to 27 April 2028 ( <i>Note (ii)</i> )	HK\$0.80 ( <i>Note (iii)</i> )	30,000,000 ( <i>Note (iii)</i> )
Consultants ( <i>Note (i)</i> )	28 April 2022	28 April 2022 to 27 April 2028 ( <i>Note (ii)</i> )	HK\$0.80 ( <i>Note (iii)</i> )	60,000,000 ( <i>Note (iii)</i> )
Total				<u>90,000,000</u>

*Notes:*

- (i) The Share Options were granted to each grantee at a nominal consideration of HK\$1.0.
- (ii) Subject to the Board’s absolute discretion to change the vesting period of the Share Options granted to the relevant employees in the event of termination of employment of the relevant employees, every 20% of the Share Options granted to and accepted by the relevant employees and consultants shall be vested on each anniversary of the date of grant until such 90,000,000 share options are fully vested.
- (iii) The Rights Issue may lead to adjustments to the exercise price and/or the number of Shares to be issued upon exercise of the Share Options. 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 Scheme.

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.

### 3. DISCLOSURE OF INTERESTS

#### (a) Interests of Directors and Chief Executive

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”)) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of SFO), or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) in the Listing Rules were as follows:

Name of Director	Capacity/ Nature of Interests	Number of Shares hold (Long Position)	% of the issued share capital of the Company
Mr. Liu Tonghui	Beneficial owner	10,000,000	0.66
Mr. Qin Jie	Beneficial owner	6,000,000	0.39
Mr. Li Haitao	Beneficial owner	3,000,000	0.20
Ms. Tao Lei	Beneficial owner	2,692,000	0.18

Save as disclosed above, as at the Latest Practical Date, none of the other Directors and chief executive of the Company, or their respective associate, had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of SFO), or, as recorded in the register required to be kept by the Company under section 352 of the SFO or required to be notified to the Company or the Stock Exchange under the Model Code.

**(b) Interests of substantial Shareholders**

As at the Latest Practicable Date, so far as is known to any Director or chief executives of the Company, the following persons or corporations (other than a Director or a chief executive of the Company) who had, or were deemed or taken to have an interest and short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were, directly or indirectly, interested in 5% or more of the issued voting shares of the Company or had any option in respect of such securities:

Name	Capacity/Nature of Interests	Interest in Shares (Long Position)	% of the issued share capital of then Company (Note 5)
Wang Baoning (Note 1)	Interest in a controlled corporation	244,296,000	16.02
Sunbow Int'l Enterprise Limited ("Sunbow") (Note 1)	Beneficial owner	244,296,000	16.02
Yeung Yat Ping (Note 2)	Interest in a controlled corporation	115,935,000	7.60
Ping Pacific Limited ("Ping Pacific") (Note 2)	Beneficial owner	115,935,000	7.60
Wang Yicheng (Note 3)	Beneficial owner	59,970,000	3.93
	Interest in a controlled corporation	30,750,000	2.02
Li Meng Zhe (Note 4)	Interest in a controlled corporation	76,324,110	5.00
South Leader Limited ("South Leader") (Note 4)	Beneficial owner	76,324,110	5.00

*Notes:*

- 244,296,000 Shares are held by Sunbow. As Mr. Wang Baoning has the 100% shareholding in Sunbow, by virtue of the SFO, he is deemed to be interested in all the Shares beneficially held by Sunbow.
- 115,935,000 Shares are held by Ping Pacific. As Mr. Yeung Yat Ping has the 100% shareholding in Ping Pacific, by virtue of the SFO, he is deemed to be interested in all the Shares beneficially held by Ping Pacific.
- 59,970,000 Shares and 30,750,000 Shares are held by Mr. Wang Yicheng and Glorious Investment Enterprise Ltd., respectively. As Mr. Wang Yicheng has the 100% shareholding in Glorious Investment Enterprise Ltd., by virtue of the SFO, he is deemed to be interested in all the Shares beneficially held by Glorious Investment Enterprise Ltd.

4. 76,324,110 Shares are held by South Leader. As Mr. Li Meng Zhe has the 100% shareholding in South Leader, by virtue of the SFO, he is deemed to be interested in all the Shares beneficially held by South Leader.
5. The percentage is calculated on the basis of 1,525,284,939 Shares as at the Latest Practicable Date.

Save as disclosed above and as at the Latest Practicable Date, the Company had not been notified by any person, other than a Director or chief executive of the Company, who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept under section 336 of the SFO.

#### **4. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group which is not determinable within one year without payment of compensation other than statutory compensation.

#### **5. COMPETING INTERESTS**

As at the Latest Practicable Date, as far as the Directors were aware, none of the Directors or their respective close associates had interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group as would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them was a controlling shareholder.

#### **6. DIRECTORS' INTERESTS IN ASSETS OF THE GROUP OR CONTRACTS OR ARRANGEMENT SIGNIFICANT TO THE GROUP**

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, 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 March 2023, being the date to which the latest published audited consolidated financial statements of the Company were made up.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which was significant in relation to the business of the Group.

## 7. LITIGATION

1. In January 2020, the Group acquired 100% equity interest in Jiangsu Meili Kongjian Construction Design Development Co., Ltd.\* (江蘇美麗空間建築設計產業發展有限公司)(“**Jiangsu Meili Kongjian**”) from Ningbo Sixing Information Technology Co., Ltd.\* (寧波思行信息科技有限公司)(“**Ningbo Sixing**”) at cash consideration of RMB41,000,000 of which the remaining RMB31,000,000 was recorded as consideration payable (the “**Consideration Payable**”). In March 2022, the Group disposed of 100% equity interest in Jiangsu Meili Kongjian to Beijing Taolichunfeng Property Development Co., Ltd.\* (北京桃李春風房地產開發有限公司)(“**Taolichunfeng**”) by entering into a disposal agreement (the “**Disposal**”) and agreed with Ningbo Sixing in a supplemental agreement that the Consideration Payable shall be fully set-off against an underlying interest in properties with a construction area of 4,200 square meters (the “**Offsetting Arrangement**”). Further details of the Disposal and the Offsetting Arrangement are set out in the Company’s announcement dated 29 March 2022. In April 2022, at the request of Ningbo Sixing, the Group provided a guarantee for Taolichunfeng’s responsibilities and obligations after completion of the Disposal, including implementation of the Offsetting Arrangement. In this regard, the Group has also obtained a counter-guarantee from Taolichunfeng. In December 2022, Ningbo Sixing denied the Offsetting Arrangement and brought the civil proceedings against Taolichunfeng, Jiangsu Meili Kongjian and the Group to jointly liable to repay RMB35,440,000 (the “**Claimed Amount**”), including the Consideration Payable, in cash. As at the Latest Practicable Date, the Group has received the first trial judgement from the court which unambiguously rejected the application of Ningbo Sixing for the Claimed Amount. Accordingly, the Directors are of the view that the liability of the Claimed Amount is not probable.
2. A wholly-owned subsidiary of the Company, Huaihua Qinneng Technology Development Co., Ltd.\* (懷化勤能科技開發有限公司)(“**Huaihua Qinneng**”) was under dispute with Beijing Aoke Ruifeng New Energy Co., Ltd.\* (北京奧科瑞豐新能源股份有限公司), (“**Beijing Aoke**”) regarding the value of assets of approximately RMB18,850,000 which were transferred from Beijing Aoke to the Group. Such assets, mainly consisting of plant and machinery, were utilised in the Group’s centralised heating business operated by Yuncheng Baoshihua Regional Energy Technology Co., Ltd.\* (運城寶石花區域能源科技有限公司)(“**Yuncheng Baoshihua**”). Yuncheng Baoshihua is wholly-owned by Huaihua Qinneng. Beijing Aoke won the case in the arbitration proceedings for claiming back, *inter alia*, the value of the transferred assets and applied for the court’s enforcement. The Intermediate People’s Court of Yuncheng\* (運城市中級人民法院) ordered Huaihua Qinneng to enforce the arbitration award and to, *inter alia*, freeze Huaihua Qinneng’s equity interest in Yuncheng Baoshihua. The Group has accounted for the value of the transferred assets in its consolidated financial statements for the year ended 31 March 2023 and currently is negotiating the settlement plan with Beijing Aoke. According to the PRC legal adviser’s opinion, the Directors are of the view that the court order will not have a material impact on the operation of Yuncheng Baoshihua as well as the Group’s financial position.

3. Several suppliers of geothermal energy business brought lawsuits to the court against Henan Province Baoshihua Geothermal Energy Development Co., Ltd.\* (河南省寶石花地熱能開發有限公司) (“**Henan Province Baoshihua**”) and Wujixian Baoshihua Geothermal Energy Development Co., Ltd.\* (無極縣寶石花地熱能開發有限公司) (“**Wujixian Baoshihua**”), both are non wholly-owned subsidiaries of the Company, with total contracts sum of approximately RMB39,786,000. As there were contract disputes with such suppliers, Henan Province Baoshihua and Wujixian Baoshihua did not pay the suppliers even though the payment has been due. After receiving the judgement from the courts, Henan Province Baoshihua and Wujixian Baoshihua have settled approximately RMB3,637,000 in total and the remaining outstanding contracts sum of approximately RMB36,149,000 have been accrued in trade payables arising from geothermal energy business as at 31 July 2023. Due to the abovementioned lawsuits, the assets of Henan Province Baoshihua and Wujixian Baoshihua totaling approximately RMB4,951,000 were freezed as at 31 July 2023. The Directors are of the view that these lawsuits and the frozen assets do not have material impact on the Group’s financial position and operation.
4. A wholly-owned subsidiary of the Company, Shaanxi Jiangwei Construction Engineering Co., Ltd.\* (陝西江威建築工程有限公司) (“**Shaanxi Jiangwei**”), has also been involved in a number of lawsuits with total contracts sum of approximately RMB24,957,000. As there were contract disputes with suppliers under building construction contracting business, Shaanxi Jiangwei did not pay the suppliers even though the payment has been due. After receiving the judgement from the courts, Shaanxi Jiangwei has paid the suppliers approximately RMB2,500,000 in total and the remaining outstanding contracts sum of approximately RMB22,457,000 have been accrued in trade payables arising from building construction contracting business as at 31 July 2023. Due to the abovementioned lawsuits, the assets of Shaanxi Jinagwei amounted to approximately RMB417,000 were freezed as at 31 July 2023. The Directors are of the view that these lawsuits and the frozen assets do not have material impact on the Group’s financial position and operation.

Save for the above, as at the Latest Practicable Date, there were no litigation or claims of material importance known to the Directors pending or threatened against any member of the Group.

## 8. MATERIAL CONTRACTS

During the two years immediately preceding the date of this Prospectus up to and including the Latest Practicable Date, the following contracts (not being contracts entered into in the ordinary course of business of the Group) have been entered into by the Group and are or may be material:

1. the Placing Agreement; and

2. the fifth supplemental deed dated 27 May 2022 entered into between Kang Yong International Limited (“**Kang Yong**”), a wholly-owned subsidiary of the Company, and Honghu Group Limited in relation to a promissory note of principal amount of HK\$90 million held by Kang Yong (the “**Promissory Note**”) whereby, *inter alia*, the parties agreed to further extend the maturity date of the Promissory Note, that is, the total of remaining principal amount of the Promissory Note of HK\$74,000,000 and the accrued interests thereon, by one (1) year, from 20 March 2022 to 20 March 2023; and
3. the disposal agreement dated 29 March 2022 entered into among Taolichunfeng, Shenzhen Guohua Construction Industrial Co., Ltd.\* (深圳國華建業實業有限公司), a wholly-owned subsidiary of the Company), Ningbo Sixing and Jiangsu Meili Kongjian, pursuant to which Taolichunfeng agreed to acquire 100% equity interest in Jiangsu Meili Kongjian and the benefit of the sale loan owing by Jiangsu Meili Kongjian to the Group at a consideration of RMB126 million.

## 9. EXPERT AND CONSENT

The following are the qualifications of the experts who have given opinions or advice which are contained in this Prospectus:

Name	Qualification
ZHONGHUI ANDA CPA Limited	Certified Public Accountants

As at the Latest Practicable Date, the above expert:

- (a) had given and had not withdrawn its written consent to the issue of this Prospectus with the inclusion of its letters, reports and references to its name and logo, in the form and context in which they respectively appear;
- (b) had no shareholding in the Company or any other member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company or any other member of the Group; and
- (c) had no direct or indirect interests in any assets which had been, or proposed to be, acquired or disposed of by or leased to any member of the Group since 31 March 2023 (the date to which the latest published audited consolidated financial statements of the Group were made up).

## 10. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company (<http://www.cbgroup.com.hk>) for 14 days from the date of this Prospectus:

- (a) the Placing Agreement;
- (b) the memorandum of association and bye-laws of the Company;

- (c) the second interim report of the Company for the twelve months ended 31 December 2020, the annual report of the Company for the fifteen months ended 31 March 2021, the annual reports of the Company for the years ended 31 March 2022 and 2023;
- (d) the letter from the Board, the text of which is set out on pages 8 to 29 of this Prospectus;
- (e) the report on the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this Prospectus;
- (f) the written consent referred to in the paragraph headed “Expert and Consent” in this Appendix;
- (g) the material contracts referred under the section headed “Material Contracts” in this Appendix; and
- (h) this Prospectus.

#### 11. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Registered Office	Clarendon House 2 Church Street Hamilton HM 11 Bermuda
Head Office and Principal Place of Business in Hong Kong	Suite 1901-2 & 14, 19/F, Tower 6 The Gateway, Harbour City Kowloon, Hong Kong
Authorised Representatives	Ms. Tao Lei Suite 1901-2 & 14, 19/F, Tower 6 The Gateway, Harbour City Kowloon, Hong Kong  Mr. Ho Yu Suite 1901-2 & 14, 19/F, Tower 6 The Gateway, Harbour City Kowloon, Hong Kong
Company Secretary	Mr. Ho Yu
Auditor/Reporting Accountants	ZHONGHUI ANDA CPA Limited 23/F, Tower 2, Enterprise Square Five, 38 Wang Chiu Road, Kowloon Bay, Kowloon

## Principal Bankers

Bank of Communications  
Shop E1 & Portion of Shop D  
G/F, Lee Kee Building  
No. 55 Ngau Tau Kok Road  
Kowloon

Guangdong Huaxing Bank  
30/F, Building T1  
Shenzhen Bay Innovation and Technology Center  
Yuehai Street, Nanshan District  
Shenzhen

Shanghai Pudong Development Bank  
2/F, Shanghai Pudong Development Bank  
Greenland Zhihai Building  
No. 6 Jinye Road  
Xi'an, Shaanxi Province

Industrial Bank Co., Ltd.  
6/F, Block A, Wangzuo International City  
No. 1 Tangyan Road  
High-tech Zone  
Xi'an, Shaanxi Province

China Minsheng Bank  
Phase 2, Yuquan Huigu  
No. 3 Minzhuang Road  
Haidian District  
Beijing

China Citic Bank  
1/F, Podium Building  
Block A, Building 1, Boya Garden  
Baige Road, Buji Street  
Longgang District,  
Shenzhen

Industrial and Commercial Bank of China  
No. 84, Dongxin Street  
Xincheng District  
Xi'an, Shaanxi Province

	China Everbright Bank 7/F, Zhongrong Trust Building Courtyard No. 1, Caishikou Street Xicheng District Beijing
Principal Share Registrar and Transfer Office	MUFG Fund Services (Bermuda) Limited 4th Floor North Cedar House 41 Cedar Avenue Hamilton HM 12 Bermuda
Hong Kong Branch Share Registrar and Transfer Office	Tricor Tengis Limited 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong
Legal adviser to the Company as to Hong Kong Laws	C&T Legal LLP 22/F, Shum Tower 268 Des Voeux Road Central Sheung Wan Hong Kong
Financial adviser to the Company	Emperor Corporate Finance Limited 23/F, Emperor Group Centre 288 Hennessy Road Wanchai Hong Kong
Placing agent to the Company	Emperor Securities Limited 23-24/F, Emperor Group Centre 288 Hennessy Road Wanchai Hong Kong

## 12. PARTICULARS OF DIRECTORS

### Executive Directors

**Ms. Wang Yingqian** (Chairman), aged 59, has been appointed as non-executive director of the Company since June 2018 and redesignated as executive director since October 2019. She holds a bachelor degree of Economics from Renmin University of China (中國人民大學) and a qualification of intermediate economist issued by Ministry of Personnel of the PRC (中華人民共和國人事部). Ms. Wang worked in Industrial and Commercial Bank of China Beijing Municipal Branch (中國工商銀行北京市分行) from 1985 to 2006 and was the deputy general manager of its corporate banking department from 2005 to 2006. She worked in Bank of Communications Beijing Municipal Branch (交通銀行北京市分行) from 2006 to 2016 and served as its vice president from 2010 to 2013 and was a director of Bank of Communications Financial Leasing Co., Ltd. (交銀金融租賃有限責任公司) from 2010 to 2012. For the period from April 2017 to March 2019, Ms. Wang was an executive director of Noble Century Investment Holdings Limited (currently known as Hong Kong Chaoshang Group Limited), a company listed on the main board of the Stock Exchange (stock code: 2322). For the period from March 2016 to January 2020, she was the supervisor of Fortunes United International Leasing Co., Ltd. (萬瑞聯合國際融資租賃有限公司), a company established in the PRC. She has also been appointed as (i) an independent director of ABC Life Insurance Co., Ltd, a subsidiary of Agricultural Bank of China Limited (stock code: 1288) since March 2018, (ii) an independent director of Bloomage Biotechnology Corporation Limited since March 2019, the shares of which has been listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange (stock code: 688363) since November 2019, and (iii) an independent director of Huatai Securities (Shanghai) Asset Management Co., Ltd.\* (華泰證券(上海)資產管理有限公司) since December 2022. Ms. Wang has over 30 years of experience in the commercial banking industry and have extensive experience in project management and financing.

**Mr. Qin Jie** (Chief Executive Officer), aged 56, has been appointed as executive director since January 2020. He graduated from Beijing University of Civil Engineering and Architecture\* (北京建築大學)(formerly known as Beijing Institute of Architecture and Civil Engineering\* (北京建築工程學院)) with a bachelor's degree in engineering in 1990 and obtained the qualification of senior engineer in December 2000. Mr. Qin has nearly 30 years of experience in the real estate construction management industry. He served as the chief engineer of COSCO Real Estate Development Co., Ltd.\* (中遠房地產開發有限公司)(stock code: 3377) (currently known as Sino-Ocean Group Holding Limited (遠洋集團控股有限公司)), which has been listed on the Stock Exchange since 2007, from 2002 to 2004. He was the project general manager, general manager of the intercity company and regional deputy general manager of the eastern China in NeoChina Group (Holdings) Limited (stock code: 563) (currently known as Shanghai Industrial Urban Development Group Limited (上海實業城市開發集團有限公司)), which has been listed on the Stock Exchange since 1993, from 2004 to 2009. He was also the general manager of the Beijing company and the Shijiazhuang company in Dalian Wanda Group Co., Ltd.\* (大連萬達集團股份有限公司) from 2009 to 2011, and the president of Newbeacon Group Limited\* (紐賓凱集團有限公司) from 2014 to 2017. Mr. Qin is also the general manager and/or director of several subsidiaries of the Company.

**Mr. Fan Jie**, aged 49, has been appointed as executive director of the Company since January 2017. He holds a Master's Degree in Business Administration in Tsinghua University School of Economics and Management and a Bachelor's Degree in International Economic in Renmin University of China. Mr. Fan has over 20 years of experience in strategic marketing and project management. He had been with Zhongrong International Trust Co., Ltd\* (中融國際信託有限公司) as the Managing Director of the Trust and Investment Department from 2014 to 2022. Mr. Fan was a corporate partner and the vice president of the Strategic Marketing Division of Adfaith Management Consulting Inc\* (北京正略鈞策企業管理諮詢有限公司) from 2009 to 2014 and an assistant to the general manager for medical business in an enterprise located in Jiangxi Province, the PRC, from 2003 to 2005. In 2000 to 2002, he was appointed as the sales and distribution officer of the Department of Medical System of an international conglomerate. Prior to 2000, he worked as a marketing leader in the Nanchang Office of a renowned food and beverage company for about three years. Currently, Mr. Fan is the Managing Director of the Strategic Development Department of the Group and the director of several subsidiaries of the Company.

**Mr. Li Haitao**, aged 50, has been appointed as executive director of the Company since December 2021. He graduated from Renmin University of China in 1997 and majored in international finance. Mr. Li has over 20 years of experience in real estate development industry, specializing in real estate policies analysis, land development, project management and team building. He has successively held various management positions since he formally entered the industry in 1997, including the deputy general manager of Beijing Kehua Hongye Real Estate Co., Ltd.\* (北京科華鴻業房地產公司) from 2000 to 2003; the general manager of the project development department of Beijing New Shine Investment Group Company Limited\* (北京新松投資集團有限公司) from 2003 to 2007; the deputy general manager of project development of Yihai Group from 2007 to 2009; the deputy general manager of Beijing company of Beijing Changdao Xingye Real Estate Co., Ltd.\* (北京長島興業房地產開發有限公司) from 2010 to 2012; and the deputy general manager of Beijing Taihe Jiayuan Real Estate Co., Ltd.\* (北京太合嘉園房地產開發有限責任公司) from 2012 to 2019. Mr. Li joined the Group in 2019 and is responsible for the operation of several subsidiaries of the Company. Currently, Mr. Li is also the general manager and/or director of several subsidiaries of the Company.

**Ms. Tao Lei**, aged 37, has been appointed as executive director of the Company since December 2021. She is a PRC certified public accountant, a registered tax advisor, a registered asset appraiser and a tutor for master's degree in professional accounting (MPAcc) at Beijing International Studies University. She graduated from Tianjin University of Finance and Economics with a bachelor's degree in accounting and information management in 2008 and obtained a master's degree in corporate management (international accounting) from Beijing International Studies University in 2011. From 2011 to 2013, Ms. Tao worked as a senior auditor of Deloitte Touche Tohmatsu and had provided services for Hong Kong listed companies such as Shougang Concord International Enterprises Company Limited, Capinfo Company Limited, Air China Limited and Beijing Jingneng Clean Energy Co., Limited. From 2013 to 2020, Ms. Tao served as the group financial controller of Sun.King Power Electronics Group Limited (currently known as Sun.King Technology Group Limited) (a company listed on the main board of the Stock Exchange, stock code: 580). She joined the Group in 2020 and is responsible for the investment and financing.

**Independent Non-executive Directors**

**Mr. Liu Tonghui**, aged 60, has been appointed as independent non-executive director of the Company since April 2016. He obtained a bachelor's degree in international politics and a master degree in international relations from Tokyo International University in 1995 and 1997 respectively. He has over 20 years of extensive experience in investment activities and business management. During the period between 1997 to 1998, he served as the representative of Nippon Howaito Cooperation\* (日本朝日白衣株式會社) in China. He had been working as the deputy general manager in each of Shouchuang Longji Company Limited\* (首創龍基股份有限公司) from 1998 to 2004 and Huajian Dongfang Software Company Limited\* (華建東方軟件有限責任公司) from 2005 to 2008, respectively. He was the general manager of Tangshan Haigang Xingerui Company Limited\* (唐山海港新格瑞有限責任公司) from 2009 to January 2019 and the assistant president of Unisplendour Corporation Limited\* (紫光股份有限公司) from 2012 to June 2019, which is listed on the Shenzhen Stock Exchange (stock code: 000938). Since June 2019, he has been appointed as the executive director of Qingkong Technology Services (Shenzhen) Company Limited\* (清控科技服務(深圳)有限公司).

**Ms. Yin Meiqun**, aged 52, has been appointed as independent non-executive director of the Company since December 2021. She graduated from Shenyang University of Technology with a bachelor's degree in accounting in 1993 and obtained a master's degree in management science and engineering from Harbin University of Science and Technology in 2001 and a doctor's degree in accounting from Renmin University of China in 2005. She is a PRC certified public accountant, a council member of the Accounting Society of China, a member of the Accounting Education Committee of the Accounting Society of China and a member of the Expert Committee on Management Accounting of China\* (中國管理會計專家委員會). She was a member of the People's Congress of the Chaoyang District of the Beijing Municipality from November 2011 to October 2017 and has served as a representative of the Beijing Municipal People's Congress since November 2017. Ms. Yin has nearly 30 years' experience of teaching in colleges. From July 1993 to June 2007, she taught at Harbin University of Science and Technology. From July 2007 to August 2021, she taught at Beijing International Studies University and successively served as the finance director, auditing director of the university and the dean of School of Business. She was re-designated as the head of department, a professor and a doctoral supervisor of the Department of Finance and Accounting of China University of Political Science and Law in September 2021. She has been serving as (i) an independent director of Beijing Life Insurance Co., Ltd. since March 2018, (ii) an independent director of Shandong Chenming Paper Holdings Limited (a company listed on the main board of the Stock Exchange and Shenzhen Stock Exchange respectively, stock code: 1812 and 488) since June 2019, and (iii) an independent director of Shangqiu Ding Feng Wood Co., Ltd.\* (商丘市鼎豐木業股份有限公司)(a company listed on National Equities Exchange and Quotations (also known as the New Third Board), stock code: 873459) since May 2021.

**Mr. Ye Jianmu**, aged 56, has been appointed as independent non-executive director of the Company with effect from 11 October 2022. He graduated from China University of Geosciences, Wuhan with a bachelor's degree in Industrial Management and Engineering in 1992 and obtained a master's degree in Engineering in 1996 and a doctor's degree in Management Science and Engineering in 2003 from Wuhan University of Technology. Mr. Ye has been teaching in the School of Management of Wuhan University of Technology since July 2003 and currently is a professor of the Finance and Accounting Faculty and a doctoral supervisor. He is an expert reviewer in various science projects conducted by government bodies, including the National Natural Science Foundation of China\* (國家自然科學基金), the National Social Science Fund of China\* (國家社會科學基金) and The Ministry of Education of Humanities and Social Science Project\* (教育部人文社科項目). Mr. Ye is also a council member of the Accounting Society of Wuhan City\* (武漢市會計學會). From April 2012 to March 2014, Mr. Ye was an independent director of Hubei Hongcheng General Machinery Co., Ltd.\* (湖北洪城通用機械股份有限公司)(currently known as Hubei Jumpcan Pharmaceutical Co., Ltd.\* (湖北濟川藥業股份有限公司), a company listed on the Shanghai Stock Exchange, stock code: 600566). Since December 2021, Mr. Ye has appointed as independent director of Wuhan Changli New Material Technology Co., Ltd.\* (武漢長利新材料科技股份有限公司), which is in process of application for initial public offering on the Shanghai Stock Exchange. He has also appointed as independent director of Shanghai Baolong Automotive Technology Co., Ltd.\* (上海保隆汽車科技股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 603197), since December 2022.

#### **Company secretary**

**Mr. Ho Yu**, aged 48, has been appointed as the company secretary and chief financial officer of the Company since May 2013. Mr. Ho received a master's degree of Accounting from Curtin University of Technology, Australia. Mr. Ho is an associate member of The Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Prior to joining the Company, Mr. Ho was the company secretary and/or financial controller for two companies listed on the Stock Exchange.

#### **Business address of the Directors**

The principal address of the Directors is the same as the Company's head office and principal place of business in Hong Kong located at Suite 1901-2&14, 19/F, Tower 6, The Gateway, Harbour City, Kowloon, Hong Kong.

### **13. EXPENSES**

The expenses in connection with the Rights Issue, including financial advisory fees, placing commission (if any), printing, registration, translation, legal and accountancy charges are estimated to be approximately HK\$3.2 million, which are payable by the Company.

**14. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

A copy of each of the Prospectus Documents and the written consents as referred to under the paragraph headed “Expert and Consent” in this Appendix, has been registered by the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

**15. BINDING EFFECT**

The Prospectus Documents and all acceptances of any offer or application contained therein are governed by and shall be construed in accordance with the laws of Hong Kong. The Prospectus Documents shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all provisions (other than the penal provisions) of sections 44A and 44B of the Companies (WUMP) Ordinance, so far as applicable.

**16. MISCELLANEOUS**

- (a) The company secretary of the Company is Mr. Ho Yu, who is an associate member of The Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.
- (b) The registered office of the Company is at Clarendon House, 2 Church Street Hamilton HM 11, Bermuda.
- (c) The head office and principal place of business of the Company is Suite 1901-2 & 14, 19/F, Tower 6, The Gateway, Harbour City, Kowloon, Hong Kong.
- (d) The English text of this Prospectus shall prevail over its Chinese text.