
STRUCTURE AND CONDITIONS OF THE SHARE OFFER

DETERMINING THE OFFER PRICE

The Offer Price is expected to be fixed by the Price Determination Agreement to be entered into between the Sole Bookrunner (for itself and on behalf of the Underwriters) and our Company on or before the Price Determination Date, when the market demand for the Offer Shares will be ascertained. The Price Determination Date is currently expected to be on or around Wednesday, 18 September 2019.

Prospective investors should be aware that the Offer Price to be determined on or before the Price Determination Date may be, but not expected to be, lowered than the indicative Offer Price range as stated in this prospectus. The Offer Price will not be more than HK\$0.24 per Offer Share and is expected to be not less than HK\$0.20 per Offer Share. The Offer Price will fall within the Offer Price range as stated in this prospectus unless otherwise announced, not later than the morning of the last day for lodging applications under the Public Offer.

The Sole Bookrunner (for itself and on behalf of the Underwriters) may, where they consider appropriate, based on the level of interest expressed by prospective professional, institutional and private investors during a book-building process, and with the consent of our Company, reduce the number of the Offer Shares and/or the indicative Offer Price range below that stated in this prospectus at any time prior to the Price Determination Date, which is expected to be on or around Wednesday, 18 September 2019. In such a case, our Company will, as soon as practicable following the decision to make such reduction, cause to be published on the website of the Stock Exchange at www.hkexnews.hk and our Company's website at www.yinghaiholding.com an announcement of such change on or before the Price Determination Date. In addition, we will:

- (i) issue a supplemental prospectus updating investors of the reduction in the indicative Offer Price together with an update of all financial and other information in connection with such change;
- (ii) extend the period under which the offer was open for acceptance to allow potential investors sufficient time to consider their subscriptions or reconsider their existing subscriptions; and
- (iii) give potential investors who had applied for the Offer Shares the right to withdraw their applications given the change in circumstances.

Upon issue of such an announcement and supplemental prospectus, the revised indicative Offer Price range and/or number of Offer Shares will be final and conclusive and the Offer Price, if agreed upon by the Sole Bookrunner (for itself and on behalf of the Underwriters) and our Company will be fixed within such revised range. Such an announcement and supplemental prospectus will also include confirmation or revision, as appropriate, of the working capital statement and the Share Offer statistics as currently set out in this prospectus, and any other financial information which may change materially as a result of such reduction.

Before submitting applications for Public Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the indicative Offer Price range and/or number of Offer Shares may not be made until the Price Determination Date.

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Applicants who have submitted their applications for Public Offer Shares before such announcement is made may subsequently withdraw their applications in the event that such announcement is subsequently made. In the absence of any such announcement so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Sole Bookrunner (for itself and on behalf of the Underwriters) and our Company will under no circumstances be set outside the offer price range as stated in this prospectus.

If, for any reason, the Offer Price is not agreed between us and the Sole Bookrunner (for itself and on behalf of the Underwriters) on or before Tuesday, 24 September 2019, the Share Offer will not proceed and will lapse.

Announcement of the final Offer Price, together with the level of indication of interests in the Placing and the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares is expected to be published on or before Wednesday, 25 September 2019.

PRICE PAYABLE ON APPLICATION

The Offer Price will not be more than HK\$0.24 per Offer Share and is expected to be not less than HK\$0.20 per Offer Share. Applicants under the Public Offer should pay, on application, the maximum Offer Price of HK\$0.24 per Offer Share plus 1% brokerage, 0.005% Stock Exchange trading fee and 0.0027% SFC transaction levy, amounting to a total of HK\$2,424.18 per board lot of 10,000 Offer Shares.

If the Offer Price, as finally determined in the manner described above, is lower than the maximum Offer Price of HK\$0.24 per Offer Share, appropriate refund payments (including the related brokerage, the Stock Exchange trading fee and the SFC transaction levy attributable to the excess application monies) will be made to applicants, without interest.

Further details are set out in the section headed “How to apply for the Public Offer Shares” in this prospectus.

CONDITIONS OF THE SHARE OFFER

Acceptance of all applications for the Offer Shares is conditional upon, among others, the satisfaction of all of the following conditions:

1. Listing

The Stock Exchange granting the approval of the listing of, and permission to deal in, our Shares in issue and our Shares to be issued pursuant to the Capitalisation Issue and the Share Offer and Shares which fall to be allotted and issued (and such listing and permission not subsequently being revoked prior to the commencement of dealings in our Shares on the Stock Exchange).

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2. Underwriting Agreements

The obligations of the Underwriters under the Underwriting Agreements becoming and remaining unconditional (including, if relevant, as a result of a waiver of any condition(s)) and such obligations not being terminated in accordance with the terms of the Underwriting Agreements.

3. Price determination

The Offer Price having been determined and the execution of the Price Determination Agreement on or before the Price Determination Date or such later date as may be agreed by our Company and the Sole Bookrunner (for itself and on behalf of the Underwriters).

If any of the conditions is not fulfilled or waived on or before the times specified above, the Share Offer will lapse and the application money will be returned to the applicants, without interest. The terms on which the application money will be returned to the applicants are set out in the paragraph headed “How to apply for the Public Offer Shares — 13. Despatch/collection of Share certificates and refund monies” in this prospectus.

THE SHARE OFFER

The Share Offer comprises the Placing and the Public Offer. A total of 300,000,000 Offer Shares will be made available under the Share Offer, which consisted of: (i) 270,000,000 Placing Shares (subject to reallocation), representing 90% of the Offer Shares, will initially be conditionally placed with selected professional, institutional and private investors under the Placing; and (ii) 30,000,000 Public Offer Shares (subject to reallocation), representing 10% of the Offer Shares, will initially be offered to members of the public in Hong Kong under the Public Offer. The Public Offer is open to all members of the public in Hong Kong as well as to institutional and professional investors. The Public Offer Underwriters have agreed to underwrite the Public Offer Shares under the terms of the Public Offer Underwriting Agreement. The Placing Underwriters will underwrite the Placing Shares pursuant to the terms of the Placing Underwriting Agreement. Further details of the underwriting are set out in the section headed “Underwriting” in this prospectus.

Investors may apply for Offer Shares under the Public Offer or indicate an interest for Offer Shares under the Placing, but may not do both.

The Placing

Our Company is expected to offer initially 270,000,000 Placing Shares (subject to reallocation) at the Offer Price under the Placing. The number of Placing Shares expected to be initially available for application under the Placing represents 90% of the total number of Offer Shares being initially offered under the Share Offer. The Placing is expected to be fully underwritten by the Placing Underwriters subject to the Offer Price being agreed on or before the Price Determination Date.

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It is expected that the Placing Underwriters or selling agents nominated by them, on behalf of our Company, will conditionally place the Placing Shares at the Offer Price with selected professional, institutional and private investors. Professional and institutional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Private investors applying through banks or other institutions who sought the Placing Shares in the Placing may also be allocated the Placing Shares.

Allocation of the Placing Shares will be based on a number of factors, including the level and timing of demand and whether or not it is expected that the relevant investor is likely to acquire further Shares and/or hold or sell its Shares after the Listing. Such allocation is intended to result in a distribution of the Placing Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and its shareholders as a whole. Investors to whom Placing Shares are offered will be required to undertake not to apply for Shares under the Public Offer.

Our Company, our Directors, the Sole Sponsor and the Sole Bookrunner (for itself and on behalf of the Underwriters) are required to take reasonable steps to identify and reject applications under the Public Offer from investors who receive Shares under the Placing, and to identify and reject indications of interest in the Placing from investors who receive Shares under the Public Offer.

The Placing is expected to be subject to the conditions as stated in the paragraph headed “Conditions of the Share Offer” in this section above.

The Public Offer

Our Company is initially offering 30,000,000 Public Offer Shares for subscription (subject to reallocation) by members of the public in Hong Kong under the Public Offer, representing 10% of the total number of Offer Shares offered under the Share Offer. The Public Offer is fully underwritten by the Public Offer Underwriters subject to the Offer Price being agreed on or before the Price Determination Date. Applicants for the Public Offer Shares are required on application to pay the maximum Offer Price of HK\$0.24 per Share plus 1% brokerage, 0.005% Stock Exchange trading fee and 0.0027% SFC transaction levy.

The Public Offer is open to all members of the public in Hong Kong as well as to institutional and professional investor. An applicant for Shares under the Public Offer will be required to give an undertaking and confirmation in the application submitted by him/her/it that he/she/it has not applied for nor taken up any Shares under the Placing nor otherwise participated in the Placing. Applicants should note that if such undertaking and/or confirmation given by an applicant is breached and/or is untrue (as the case may be), such applicant’s application under the Public Offer is liable to be rejected.

Multiple applications or suspected multiple applications and any application made for more than 100% of our Shares initially comprised in the Public Offer (i.e. 30,000,000 Public Offer Shares) are liable to be rejected.

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Allocation of the Public Offer Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. When there is over-subscription under the Public Offer, allocation of the Public Offer Shares may involve balloting, which would mean that some applicants may be allotted more Public Offer Shares than others who have applied for the same number of the Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

RE-ALLOCATION OF THE OFFER SHARES BETWEEN PLACING AND PUBLIC OFFER

The allocation of the Offer Shares between the Placing and the Public Offer is subject to reallocation on the following basis:

- (a) In the event that the Placing Shares are fully subscribed or oversubscribed under the Placing:
 - (i) if the Public Offer Shares are undersubscribed, the Sole Bookrunner (for itself and on behalf of the Underwriters), at its absolute discretion, may reallocate all or any of the unsubscribed Public Offer Shares from the Public Offer to the Placing;
 - (ii) if the Public Offer Shares are fully subscribed or oversubscribed and the number of Shares validly applied for under the Public Offer represents less than 15 times of the number of Shares initially available for subscription under the Public Offer, then the number of Shares to be reallocated to the Public Offer from the Placing will increase so that the total number of Offer Shares available for subscription under the Public Offer will be increased to 60,000,000 Shares, representing 20% of the total number of Offer Shares initially available for subscription under the Share Offer;
 - (iii) if the number of Shares validly applied for under the Public Offer represents 15 times or more but less than 50 times of the number of Shares initially available for subscription under the Public Offer, then the number of Shares to be reallocated to the Public Offer from the Placing will increase so that the total number of Offer Shares available for subscription under the Public Offer will be increased to 90,000,000 Shares, representing 30% of the total number of the Offer Shares initially available for subscription under the Share Offer;
 - (iv) if the number of Shares validly applied for under the Public Offer represents 50 times or more but less than 100 times of the number of Shares initially available for subscription under the Public Offer, then the number of Shares to be reallocated to the Public Offer from the Placing will increase so that the number of Offer Shares available for subscription under the Public Offer will be increased to 120,000,000 Shares, representing 40% of the total number of the Offer Shares initially available for subscription under the Share Offer; and

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- (v) if the number of Shares validly applied for under the Public Offer represents 100 times or more of the number of Shares initially available for subscription under the Public Offer, then the number of Shares to be reallocated to the Public Offer from the Placing will increase so that the number of Shares available for subscription under the Public Offer will be increased to 150,000,000 Shares, representing 50% of the total number of the Offer Shares initially available for subscription under the Share Offer.
- (b) In the event that the Placing Shares are undersubscribed under the Placing:
 - (i) if the Public Offer Shares are undersubscribed, the Share Offer shall not proceed unless fully underwritten by the Underwriters pursuant to the Underwriting Agreements; and
 - (ii) if the Public Offer Shares are fully subscribed or oversubscribed irrespective of the number of times, then the number of Shares to be reallocated to the Public Offer from the Placing will increase, so that the total number of Shares available for subscription under the Public Offer will be increased to 60,000,000 Shares, representing 20% of the total number of Offer Shares initially available for subscription under the Share Offer.

In all cases save for (a)(i) and (b)(i) above, the number of Offer Shares allocated to the Placing will be correspondingly reduced.

The Offer Shares to be offered in the Public Offer and the Placing may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sole Bookrunner (for itself and on behalf of the Underwriters). In accordance with the requirements set out in Guidance Letter HKEx-GL91-18, if such reallocation is done other than pursuant to paragraph (a)(iii), (a)(iv) or (a)(v) above, the Sole Bookrunner (for itself and on behalf of the Underwriters) may, at its discretion, reallocate the Offer Shares initially allocated for the Placing to the Public Offer to satisfy valid applications under the Public Offer, provided that the maximum total number of Offer Shares that may be allocated to the Public Offer following such reallocation shall be not more than double the initial allocation to the Public Offer i.e. 60,000,000 Offer Shares, representing 20% of the number of the Offer Shares initially available for subscription under the Share Offer. Details of any reallocation of the Offer Shares between the Public Offer and the Placing will be disclosed in the allotment results announcement of the Share Offer, which is expected to be published on Wednesday, 25 September 2019.