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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 you should take, you should consult your stockbroker or registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all of your shares in LKS Holding Group Limited, you should at once hand the Prospectus Documents to the purchaser or transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the paragraph headed "15. Documents Delivered to the Registrar of Companies" in Appendix III to this Prospectus, have been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong, the Stock Exchange and the Securities and Futures Commission take no responsibility for the contents of any of the Prospectus Documents.

Subject to the granting of listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Rights Shares in both nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings in the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange or such other date 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 day thereafter. You should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangement 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.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange and HKSCC take no responsibility for the contents of the Prospectus Documents, make no representation 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 this Prospectus.

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## LKS HOLDING GROUP LIMITED

樂嘉思控股集團有限公司

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 1867)

### RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY FIVE (5) EXISTING SHARES HELD ON THE RECORD DATE

Underwriter to the Rights Issue

**六福金融**  
LUKFOOK FINANCIAL

Luk Fook Securities (HK) Limited

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

Shareholders and potential investors of the Company should note that the Rights Issue will proceed on a fully-underwritten basis and is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance to its terms. The Underwriting Agreement contains provisions granting the Underwriter the right to terminate its obligations on the occurrence of certain events including force majeure. These events are set out in the section headed "Termination of the Underwriting Agreement" in this Prospectus. Accordingly, the Rights Issue may or may not proceed.

Shareholders should note that the Shares have been dealt in on an ex-rights basis from 12 August 2021. Any dealings in the Shares during the period from the date of this Prospectus up to the date on which all the conditions of the Rights Issue are fulfilled, which is expected to be no later than 4:00 p.m. on Tuesday, 7 September 2021, and any Shareholder dealing in the Rights Shares in nil-paid form between Wednesday, 25 August 2021 and Wednesday, 1 September 2021 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholder or other persons contemplating any dealings in the Shares or Rights Shares in nil-paid form are recommended to consult their professional advisers.

The latest time for acceptance of, and payment for, the Rights Shares is 4:00 p.m. on Monday, 6 September 2021. The procedure for acceptance and payment for or transfer of the Rights Shares is set out in the paragraph headed "Rights Issue-Procedure for acceptance, splitting of provisional allotment and payment and/or transfer of the Rights Shares" in the "Letter from the Board" in this Prospectus.

23 August 2021

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## NOTICES

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The Shares have been dealt on an ex-rights basis from Thursday, 12 August 2021 and the nil-paid Rights Shares are expected to be dealt from Wednesday, 25 August 2021 to Wednesday, 1 September 2021 (both days inclusive).

Any dealings in the Shares up to the date on which all conditions of the Rights Issue are fulfilled, which is expected to be no later than 4:00 p.m. on Tuesday, 7 September 2021, 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 person contemplating any dealing in the Shares or Rights Shares in nil-paid form are recommended to consult their professional advisers.

### **DISTRIBUTION OF THIS PROSPECTUS AND OTHER PROSPECTUS DOCUMENTS**

The Prospectus Documents (including the Prospectus, the PAL and the EAF) shall only be sent to the Qualifying Shareholders.

The Prospectus Documents have not been and will not be registered or filed under the applicable securities laws of any jurisdiction other than Hong Kong.

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 in 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 law and regulations. Accordingly, no person receiving a copy of any of the Prospectus Documents in any territory outside Hong Kong may treat it as an offer or invitation to apply or subscribe for the Rights Shares, unless in a territory such an offer or invitation could lawfully be made without compliance with any registration or other legal and regulatory requirements thereof.

### **FORWARD-LOOKING STATEMENTS**

All statements in this Prospectus other than statements of historical fact are forward-looking statements. In some cases, forward-looking statements may be identified by the use of words such as “might”, “may”, “could”, “would”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “seek”, “continue”, “illustration”, “projection” or similar expressions and the negative thereof. Forward-looking statements in this Prospectus include, without limitation, statements in respect of the Group’s business strategies, product offerings, market position, competition, financial prospects, performance, liquidity and capital resources, as well as statements regarding trends in the relevant industries and markets in which the Group operates, technological advances, financial and economic developments, legal and regulatory changes and their interpretation and enforcement.

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## NOTICES

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The forward-looking statements in this Prospectus are based on management's present expectations about future events. Management's present expectations reflect many assumptions regarding the Group's strategy, operations, industry, developments in the credit and other financial markets and trading environment. By their nature, they are subject to known and unknown risks and uncertainties, which could cause actual results and future events to differ materially from those implied or expressed by forward-looking statements. Should one or more of these risks or uncertainties materialise, or should any assumptions underlying forward-looking statements prove to be incorrect, the Group's actual results could differ materially from those expressed or implied by forward-looking statements. Additional risks not known to the Group or that the Group does not currently consider material could also cause the events and trends discussed in this Prospectus not to occur, and the estimates, illustrations and projections of financial performance not to be realised.

Prospective investors are cautioned that forward-looking statements speak only as at the date of publication of this Prospectus. Except as required by applicable law, the Group does not undertake, and expressly disclaims, any duty to revise any forward-looking statement in this Prospectus, be it as a result of new information, future events or otherwise.

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## DEFINITIONS

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*In this Prospectus, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:*

“2021 Annual Report”	the annual report of the Company for the financial year ended 31 March 2021 published on 26 July 2021
“Announcement”	the announcement of the Company dated 6 August 2021 in relation to, among other things, the Rights Issue
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Beneficial Owner”	owner(s) of Shares whose Shares are registered in the name of a registered Shareholder as shown in the register of members of the Company
“Board”	the board of Directors
“Building Authority”	the Building Authority of the Hong Kong Government
“Buildings Ordinance”	Buildings Ordinance (Chapter 123 of the Laws of Hong Kong), as amended from time to time
“Business Day”	a day (other than a Saturday, a Sunday, a public holiday and a day on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks are open for general banking business in Hong Kong throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted by HKSCC to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted by HKSCC to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant

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## DEFINITIONS

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“Company”	LKS Holding Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1867)
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended from time to time
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended from time to time
“Composite Document”	the composite offer and response document dated 18 May 2021 and jointly issued by the IU Shareholder and the Company to the Shareholders in accordance to the Takeovers Code in respect of the Offer
“Director(s)”	the director(s) of the Company
“EAF(s)”	the excess application form(s) for use by the Qualifying Shareholders who wish to apply for Rights Shares in excess for their pro-rata entitlements under the Rights Issue
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administration Region of the PRC
“Hong Kong Government”	the government of Hong Kong
“Independent Third Party(ies)”	third party(ies) independent of the Company and not a connected person (as defined in the Listing Rules) of the Company
“IU Shares”	807,050,000 Shares, being the aggregate number of Shares owned by the IU Shareholder as at the date of the Irrevocable Undertaking
“IU Shareholder”	Fujincheng Investment Holdings Co., Ltd, a controlling shareholder (as defined in the Listing Rules) of the Company and a company incorporated in the BVI with limited liability on 8 April 2021, which is wholly-owned by Mr. Liu Zhancheng

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## DEFINITIONS

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“Irrevocable Undertaking”	the irrevocable undertaking dated 6 August 2021 given by the IU Shareholder in favour of the Company and the Underwriter, the principal terms of which are disclosed in the section headed “The Irrevocable Undertaking” in this Prospectus
“Last Trading Day”	Friday, 6 August 2021, being the last full trading day for the Shares immediately prior to the date of the Announcement
“Latest Acceptance Date”	Monday, 6 September 2021, being the last day for acceptance of and payment for the Rights Shares and for application or such other date as the Company and the Underwriter may agree in writing
“Latest Practicable Date”	17 August 2021, being the latest practicable date for the purpose of ascertaining certain information contained in this Prospectus prior to its publication
“Latest Time for Termination”	4:00 p.m. on Tuesday, 7 September 2021 or such later time or date as may be agreed between the Company and the Underwriter in writing, which shall be the latest time for termination of the Underwriting Agreement
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Material Adverse Effect”	a material adverse effect on the financial conditions of the Group as a whole
“Non-Qualifying Shareholder(s)”	Overseas Shareholder(s) whom the Directors, after making due and careful enquiries regarding the legal restrictions under the laws of the relevant jurisdictions or the requirements of the relevant overseas regulatory bodies or stock exchanges, consider it necessary or expedient to exclude them from the Rights Issue
“Offer”	the unconditional mandatory cash offer made by China Everbright Capital Limited for and on behalf of the IU Shareholder to acquire all issued Shares, on the terms set out in the Composite Document and in compliance with the Takeovers Code

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## DEFINITIONS

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“Overseas Shareholder(s)”	the Shareholder(s) (whose names appear on the register of members of the Company at 5:00 p.m. on the Record Date) with registered address(es) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Posting Date”	Monday, 23 August 2021 or such other date as the Company and the Underwriter may agree in writing, being the date on which the Prospectus Documents are posted to the Qualifying Shareholders
“PRC”	the People’s Republic of China, which for the purpose of this Prospectus excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Prospectus”	the prospectus to be issued to the Shareholders containing, among other things, details of the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL(s) and the EAF(s) to be issued by the Company
“Qualifying Shareholder(s)”	Shareholder(s), whose name(s) appear on the register of members of the Company at the close of business on the Record Date, other than the Non-Qualifying Shareholders
“Record Date”	Friday, 20 August 2021 or on such other date as the Company and the Underwriter may agree in writing, being the date by reference to which the Shareholders’ entitlements to the Rights Issue are to be determined
“Registrar”	Tricor Investor Services Limited, the Hong Kong branch share registrar and transfer office of the Company
“Registered General Building Contractor”	under section 8A of the Buildings Ordinance, the general building contractors’ register is kept by the Building Authority in which contractors may carry out general building works and street works which do not include any specialised works in the designated categories



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## DEFINITIONS

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“Rights Issue”	the proposed offer for subscription of the Rights Shares at the Subscription Price on the basis of one (1) Rights Share for every five (5) existing Shares held by the Shareholders on the Record Date and subject to the conditions set out in the paragraph headed “Underwriting Arrangement – Conditions of the Rights Issue” in this Prospectus
“Rights Shares”	the new Share(s) to be allotted and issued under the Rights Issue, being up to 224,000,000 Rights Shares (assuming no change in the issued Shares on or before the Record Date)
“RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Share(s)”	ordinary share(s) of nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Specified Event”	an event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which, if it had occurred or arisen before the date of the Underwriting Agreement, would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any material respect
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.22 per Rights Share
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriter”	Luk Fook Securities (HK) Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation to carry on business in Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO

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## DEFINITIONS

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“Underwritten Shares”	up to 62,590,000 Rights Shares, being the maximum total number of Rights Shares issuable (assuming no change in the issued Shares on or before the Record Date), excluding the Rights Shares in respect of the IU Shares to be taken up by the IU Shareholder pursuant to the Irrevocable Undertaking and the maximum number of excess Rights Shares that may be allocated to the IU Shareholder
“Untaken Share(s)”	those (if any) of the Underwritten Shares in respect of which valid applications under the PALs and EAFs have not been received on or before the Latest Acceptance Date
“US\$”	United States dollar, the lawful currency of the United States of America
“%”	per cent.

*Certain figures included in this Prospectus have been rounded to the nearest integer or two decimal places. Any discrepancies between the total shown and the sum of the amounts listed are due to rounding.*

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## EXPECTED TIMETABLE

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*The expected time and dates in the timetable for the Rights Issue below and in this Prospectus are indicative only and may be subject to change. Any such change will be announced in a separate announcement by the Company as and when appropriate.*

*All time and date references contained in this Prospectus shall refer to Hong Kong local time and dates.*

<b>Event</b>	<b>Time and Date 2021</b>
Latest time for the Shareholders to lodge transfer of Shares in order to qualify for the Rights Issue .....	4:30 p.m. on Friday, 13 August
Closure of register of members to determine entitlements to the Rights Issue (both days inclusive) .....	Monday, 16 August to Friday, 20 August
Record Date for determining entitlements under the Rights Issue .....	Friday, 20 August
Register of members of the Company re-opens .....	Monday, 23 August
Despatch of Prospectus Documents (including the PAL, the EAF and the Prospectus) (in case of Non-Qualifying Shareholders, the Prospectus only) .....	Monday, 23 August
First day of dealing in nil-paid Rights Shares .....	Wednesday, 25 August
Latest time for splitting of the PAL .....	4:30 p.m. on Friday, 27 August
Last day of dealing in nil-paid Rights Shares .....	Wednesday, 1 September
Latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares .....	4:00 p.m. on Monday, 6 September
Latest time for Termination of the Underwriting Agreement and for the Rights Issue to become unconditional .....	4:00 p.m. on Tuesday, 7 September
Announcement of results of the Rights Issue .....	Monday, 13 September
Despatch of refund cheques for wholly or partially unsuccessful excess applications or if the Rights Issue does not become unconditional .....	Tuesday, 14 September
Despatch of share certificates for fully-paid Rights Shares .....	Tuesday, 14 September
First day of dealings in fully-paid Rights Shares .....	9:00 a.m. on Wednesday, 15 September

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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 and for application and payment for excess Rights Shares**

The latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, a “black” rainstorm warning signal and/or extreme conditions is:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares and for application will be rescheduled to 4:00 p.m. on the following Business Day which does not have any of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place on or before 4:00 p.m. on Monday, 6 September 2021, the dates mentioned in the expected timetable may be affected. The Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable as soon as practicable.

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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The Underwriter shall have the right to terminate the Underwriting Agreement by notice in writing given to the Company at or prior to the Latest Time for Termination, if:

- (i) there develops, occurs or comes into force:
  - (a) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which, in the absolute opinion of the Underwriter, may have a Material Adverse Effect or materially and adversely affects the Rights Issue or makes it inadvisable or inexpedient to proceed therewith; or
  - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of an economic, financial, political or military or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets, which, in the absolute opinion of the Underwriter, may have a Material Adverse Effect or materially and adversely affects the Rights Issue or makes it inadvisable or inexpedient to proceed therewith; or
  - (c) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, moratorium, suspension or material restriction or trading in securities) which, in the absolute opinion of the Underwriter, may have a Material Adverse Effect or materially and adversely affects the Rights Issue or makes it inadvisable or inexpedient to proceed therewith; or
- (ii) any Specified Event comes to the knowledge of the Underwriter; or
- (iii) there is any change in the circumstances of the Company or any member of the Group which, in the absolute opinion of the Underwriter, will adversely affect the prospects of the Group as a whole, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (iv) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lockout which would, in the absolute opinion of the Underwriter, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (v) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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- (vi) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of the Underwriter, a material omission in the context of the Rights Issue; or
- (vii) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than five (5) consecutive Business Days, excluding any suspension in connection with the clearance of the Announcement or the Prospectus Documents or other announcements or circulars in connection with the Rights Issue; or
- (viii) the Prospectus, when published, contains information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may in the absolute opinion of the Underwriter be material to the Group as a whole upon completion of the Rights Issue and is likely to affect materially and adversely the success of the Rights Issue.

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## LETTER FROM THE BOARD

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### LKS HOLDING GROUP LIMITED

### 樂嘉思控股集團有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1867)**

*Executive Directors:*

Mr. Liu Zhancheng (*Chairman and Chief Executive Officer*)

Ms. Qin Mingyue

Mr. Ye Zuobin

*Independent non-executive Directors:*

Dr. Su Lixin

Mr. Liang Rongjin

Dr. Yan Bing

*Registered office:*

Windward 3, Regatta Office Park

PO Box 1350

Grand Cayman

KY1-1108

Cayman Islands

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

21/F, Po Shau Centre

No. 115 How Ming Street

Kwun Tong, Kowloon

Hong Kong

23 August 2021

*To the Shareholders,*

Dear Sir/ Madam,

### **RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY FIVE (5) EXISTING SHARES HELD ON THE RECORD DATE**

#### **INTRODUCTION**

Reference is made to the Announcement in relation to, among other things, the Rights Issue.

The Board announced on 6 August 2021 that the Company proposes to raise gross proceeds of approximately HK\$49.28 million, before expenses, by way of the Rights Issue of up to 224,000,000 Rights Shares to the Qualifying Shareholders at a subscription price of HK\$0.22 per Rights Share on the basis of one (1) Rights Share for every five (5) existing Shares held on the Record Date. The Rights Issue (subject to the Irrevocable Undertaking) will be fully underwritten by the Underwriter on the terms and conditions set out in the Underwriting Agreement. Qualifying Shareholders are entitled to apply for additional Rights Shares in excess of their respective entitlements under the Rights Issue through excess applications. The Rights Issue will not be available to the Non-Qualifying Shareholders. The Rights Issue is subject to, among other things, the Underwriting Agreement becoming unconditional and not being terminated on the occurrence of certain events, details of which are set out in the section headed “Termination of the Underwriting Agreement” of this Prospectus.

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## LETTER FROM THE BOARD

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The purpose of this Prospectus is to provide you with further information regarding the Rights Issue, including information on dealings in, transfer of and application for the Rights Shares, and financial information and other information of the Group.

### RIGHTS ISSUE

#### Rights Issue Statistics

Basis of the Rights Issue	:	One (1) Rights Share for every five (5) existing Shares held by the Shareholders on the Record Date
Subscription Price	:	HK\$0.22 per Rights Share
Number of Shares in issue as at the Record Date and the Latest Practicable Date	:	1,120,000,000 Shares
Number of Rights Shares to be issued under the Rights Issue	:	Up to 224,000,000 Shares (assuming no change in the issued Shares on or before the Record Date)
IU Shares	:	807,050,000 Shares, being the aggregate number of Shares beneficially owned by the IU Shareholder as at the date of the Irrevocable Undertaking
Aggregate nominal value of the Rights Shares	:	Up to approximately HK\$2,240,000.00
Total number of issued Shares as enlarged by the allotment and issue of the Rights Shares	:	Up to 1,344,000,000 Shares (assuming no change in the issued Shares on or before the Record Date)
Underwriter	:	Luk Fook Securities (HK) Limited
Total funds to be raised (before expenses)	:	Up to approximately HK\$49.28 million

In accordance with the expected timetable as set out in the section headed “Expected Timetable” in this Prospectus, the register of members of the Company has been closed from Monday, 16 August 2021 to determine entitlements to the Rights Issue. Accordingly, the figures as at the Record Date set out in this section above could be determined and are consistent with those as at the Latest Practicable Date.

As at the Record Date, the Company had no outstanding derivatives, options, warrants, conversion rights or other similar rights which are convertible or exchangeable into or confer any right to subscribe for Shares in the Rights Issue.



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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, there were 1,120,000,000 Shares in issue. Under the Rights Issue, the 224,000,000 nil-paid Rights Shares provisionally allotted represent 20.00% of the existing issued Shares and approximately 16.67% of the issued Shares as enlarged by the Rights Issue (assuming no change in the issued Shares on or before the Record Date).

### Subscription Price

The Subscription Price of HK\$0.22 per Rights Share is payable in full when a Qualifying Shareholder accepts the relevant provisional allotment of Rights Shares or, where applicable, applies for excess Rights Shares or when a transferee of nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 7.95% to the closing price of HK\$0.2390 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 9.84% to the closing price of HK\$0.2440 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 8.71% to the average closing price per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.2410;
- (iv) a discount of approximately 7.60% to the average closing price per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.2381;
- (v) a discount of approximately 19.12% to the average closing price per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.2720;
- (vi) a discount of approximately 8.33% to the theoretical ex-entitlement price of approximately HK\$0.2400 per Share based on the closing price of HK\$0.2440 per Share as quoted on the Stock Exchange on the Last Trading Day and the number of Shares as enlarged by the Rights Shares;
- (vii) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 1.64% represented by the theoretical diluted price of approximately HK\$0.2400 to the benchmarked price of approximately HK\$0.2440 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.2440 per Share and the average closing price of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the Announcement); and
- (viii) a premium of approximately 109.32% to the consolidated net asset value per Share attributable to the Shareholders as at 31 March 2021 of approximately HK\$0.1051 per Share calculated based on the audited consolidated net assets of

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## LETTER FROM THE BOARD

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the Group attributable to the Shareholders of approximately HK\$117,705,000 as at 31 March 2021 as set out in the 2021 Annual Report and 1,120,000,000 Shares in issue as at the Latest Practicable Date.

The Subscription Price was determined with reference to, among other things, (i) the recent and general downward trend of the market prices of the Shares from 1 June 2021 (from the highest of approximately HK\$0.410 per Share to the lowest of approximately HK\$0.230 per Share) prior to the Last Trading Day, (ii) the low trading volume and infrequent trading of the Shares since 1 June 2021; (iii) offer price of HK\$0.22 per offer share of the Company under the Offer, details of which are set out in the announcement dated 27 April 2021 jointly issued by the IU Shareholder and the Company and the Composite Document; and (vi) the amount of funds the Company intends to raise under the Rights Issue for the purposes described in the section headed “Reasons for the Rights Issue and the use of proceeds” in this Prospectus. The Directors consider that the Subscription Price being the same as the offer price of HK\$0.22 under the Offer represents a fair and equal opportunity for the Qualifying Shareholders to acquire the Rights Shares under the Rights Issue at the same price as the IU Shareholder acquired issued Shares prior to and during the Offer. In addition, the Subscription Price at a discount to the current market price of the Shares would enhance the attractiveness of the Rights Issue, and in turn encourage the Shareholders to participate in the Rights Issue, and accordingly allow them to maintain their shareholdings in the Company and participate in the future growth and development of the Group.

The Directors consider that, in view of prevailing market conditions and factors as described above, the terms of the Rights Issue, including the Subscription Price, are commercially rational, fair and reasonable and in the interests of the Company and the Shareholders as a whole. The net price per Rights Share (i.e., Subscription Price less the estimated cost and expenses to be incurred in the Rights Issue) upon full acceptance of the relevant provisional allotment of Rights Shares will be approximately HK\$0.21 per Rights Share.

### **Basis of provisional allotment**

The basis of the provisional allotment shall be one (1) Rights Share for every five (5) existing Shares held by the Shareholders as at the close of business on the Record Date.

Application for all or any part of a Qualifying Shareholder’s provisional allotment should be made by completing a PAL and lodging the same with a cheque or a banker’s cashier order for the sum payable for the Rights Shares being applied for with the Registrar, Tricor Investor Services Limited, at Level 54, 183 Queen’s Road East, Hong Kong on or before 4:00 p.m. on the Latest Acceptance Date.

If a Qualifying Shareholder wishes to accept only a part of, or to renounce or transfer a part of, the Rights Shares provisionally allotted to him/her/it under the PAL, such Qualifying Shareholder will need to split his/her/its PAL into the denominations required. Details as to how to split the PALs are set out in the paragraph headed “Procedure for acceptance, splitting of provisional allotment and payment and/or transfer of the Rights Shares” below and in the PAL.

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## LETTER FROM THE BOARD

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### Qualifying Shareholders

The Rights Issue will only be available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must:

- (i) be registered as a member of the Company at the close of business on the Record Date; and
- (ii) not be a Non-Qualifying Shareholder.

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

### Rights of Overseas Shareholders

The Prospectus Documents (including the Prospectus, the PAL and the EAF) shall only be sent to the Qualifying Shareholders and have not been and will not be registered or filed under the applicable securities laws of any jurisdiction other than Hong Kong.

Based on the register of members of the Company, as at the Latest Practicable Date, there was no Overseas Shareholder. Since the register of members of the Company is closed from 16 August 2021 to 20 August 2021, the Company confirms that there will be no Overseas Shareholders as at the Record Date and all Shareholders are Qualifying Shareholders.

### Status of the Rights Shares

When allotted and fully paid, each Rights Share will have a nominal value of HK\$0.01. The Rights Shares, when allotted, issued and fully paid, will rank pari passu in all respects with the Shares in issue at the time. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid by the Company after the date of allotment and issue of the Rights Shares.

### Fractional entitlements to the Rights Shares

The Company will not provisionally allot and will not accept application for any fractions of Rights Shares. All fractions of Rights Shares will be aggregated (and rounded down to the nearest whole number of a Share) and all nil-paid Rights Shares arising from such aggregation will be sold in the market for the benefit of the Company if a premium (net of expenses) can be achieved. Any unsold fractions of Rights Shares will be made available for excess application by the Qualifying Shareholders under the EAF(s). No odd-lot matching services will be provided by the Company in respect of the Rights Issue.

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## LETTER FROM THE BOARD

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### **Procedure for acceptance, splitting of provisional allotment and payment and/or transfer of the Rights Shares**

A PAL enclosed with this Prospectus which entitles such Qualifying Shareholder to whom it is addressed to subscribe for the number of the Rights Shares shown therein. If the Qualifying Shareholder wishes to accept all the Rights Shares provisionally allotted to him/her/it as specified in the PAL, he/she/it must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance with the Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:00 p.m. on Monday, 6 September 2021 (or, under bad weather conditions, such later date as mentioned in the paragraph headed "Expected Timetable – Effect of bad weather and/or extreme conditions on the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares" in this Prospectus). All remittances must be made in Hong Kong dollars by cheques which must be drawn on account with, or by banker's cashier orders which must be issued by, licensed banks in Hong Kong and made payable to "**Tricor Trust (Hong Kong) Limited – A/C No.41**" and crossed "**Account Payee Only**". Such payment will constitute acceptance of the provisional allotment of the terms of the PAL and this Prospectus and be subject to the memorandum and articles of association of the Company. No receipt will be issued for sums received on application.

It should be noted that, unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Registrar by 4:00 p.m. of Monday, 6 September 2021, whether by the original allottee or any person in whose favour the rights have 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 and absolute discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions.

If the Qualifying Shareholder wishes to accept only part of his/her/it provisional allotment or transfer a part of his/her/it rights to subscribe for the Rights Shares provisionally allotted to him/her/it or transfer his/her/it rights to more than one person, the original PAL must be surrendered and lodged for the cancellation by not later than Friday, 27 August 2021 with the Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong. The Registrar will cancel the original PAL and issue new PALs in the denominations required which will be available for collection at the Registrar at the above address, at 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 Shareholder. All cheques and banker's cashier orders accompanying completed PALs 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 will constitute a warranty by such person that the cheque or the banker's cashier order will be honoured on first presentation. Any PAL in respect of which

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## LETTER FROM THE BOARD

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the accompanying cheque or banker's cashier order is dishonoured on first presentation is liable to be rejected, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

Holders of Rights Shares may contact the Registrar, Tricor Investor Services Limited, for details of the above procedures.

If the Underwriter exercises its rights to terminate the Underwriting Agreement on or before the Latest Time for Termination and/or if any of the conditions mentioned in the paragraphs headed "Conditions of the Rights Issue" and "Conditions of the Underwriting Agreement" below is not fulfilled, the monies received in respect of the relevant provisional allotments will be returned to the relevant persons without interest by means of cheques despatched by ordinary post to their registered address at the risk of such persons on or before Tuesday, 14 September 2021.

***Action to be taken by Beneficial Owners whose Shares are held by a registered owner (other than HKSCC Nominees Limited)***

If you are a Beneficial Owner whose Shares are registered in the name of a registered owner and you wish to subscribe for the Rights Shares provisionally allotted to such registered owner in respect of your Shares or sell the respective nil-paid Rights Shares or split those nil-paid Rights Shares or accept part of the provisional allotment and sell the remaining part, you should contact the registered owner and provide the registered owner with instructions or make arrangements with the registered owner in relation to the acceptance, transfer and/or splitting of the nil-paid Rights Shares.

Such instructions and/or arrangement should be given or made in advance of the relevant dates stated in the section headed "Expected Timetable" in this Prospectus and otherwise in accordance with the requirements of the registered owner in order to allow the registered owner sufficient time to ensure that your instruction are given effect.

***Action to be taken by Beneficial Owners holding interests in Shares deposited in CCASS***

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, and you wish to subscribe for the Rights Shares provisionally allotted to you, or sell your nil-paid Rights Shares or split your nil-paid Rights Shares and accept part of your provisional allotment and sell the remaining part, you should (unless you are a CCASS Investor Participant) contact your intermediary and provide your intermediary with instructions or make arrangements with your intermediary in relation to the acceptance, transfer and/or splitting of your nil-paid Rights Shares.

Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the section headed "Expected Timetable" in this Prospectus and otherwise in accordance with the requirements of your intermediary in order to allow your intermediary sufficient time to ensure that your instructions are given effect. The procedure for acceptance, transfer and/or splitting by CCASS Participants of the Rights Shares

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## LETTER FROM THE BOARD

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provisionally allotted to CCASS stock accounts in respect of the Shares registered in the name of HKSCC Nominees Limited shall be in accordance with the “General Rules of CCASS”, the “CCASS Operational Procedures” and any other requirements of CCASS.

The procedure for acceptance, transfer and/or splitting of Rights Shares provisionally allotted to Beneficial Owners who have been admitted to participate in CCASS as CCASS Investment Participants shall be in accordance with “Operating Guide for Investor Participants” and any other requirements of CCASS. Beneficial Owners who are CCASS Investor Participants should contact CCASS and provide CCASS with instructions or make arrangements with CCASS in relation to the manner in which such Beneficial Owners’ interests in Rights Shares should be dealt with.

### **Application for excess Rights Shares**

Qualifying Shareholders shall be entitled to, by way of excess application, apply for excess Rights Shares, which comprise (i) any Rights Shares provisionally allotted but not validly accepted by the Qualifying Shareholders or otherwise not subscribed for by renounces or transferees of Rights Shares in nil-paid form; and (ii) any unsold Rights Shares created by aggregating fractions of Rights Shares in nil-paid form.

### ***Action to be taken by Qualifying Shareholders who wish to apply for excess Rights Shares***

Applications for the excess Rights Shares can be made by Qualifying Shareholders by completing an EAF in accordance with the instructions printed on it and lodging the same with a separate remittance or banker’s cashier order for the full amount payable for the excess Rights Shares being applied for, with the Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, by no later than 4:00 p.m. on Monday, 6 September 2021. All remittances in respect of excess application must be made in Hong Kong dollars. Cheques must be drawn on an account with, or bank’s cashier orders must be issued by, a licensed bank in Hong Kong and made payable to “**Tricor Trust (Hong Kong) Limited – A/C No.42**” and crossed “**Account Payee Only**”. The Company may at its discretion treat an EAF as valid and binding on the person(s) by himself/herself/itself/themselves or on whose behalf it is lodged even it not completed in accordance with the relevant instructions.

Holders of Rights Shares may contact the Registrar, Tricor Investor Services Limited, for details of the above procedures.

### ***Basis of allocation of excess Rights Shares***

The Directors will allocate the excess Rights Shares (including where the aggregate number of Rights Shares available for excess application is less than the aggregate number of excess Rights Shares applied for through EAFs) at their discretion on a fair and equitable basis and on the following principles:

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## LETTER FROM THE BOARD

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- (i) as far as practicable, in proportion to the number of excess Rights Shares being applied for under each excess application but preference will be given to excess applications made by the Qualifying Shareholders other than the IU Shareholder (details of which are set out in the section headed “Intention of the IU Shareholder” in this Prospectus);
- (ii) no preference will be made to the Rights Shares subscribed through applications by PALs or the existing number of Shares held by Qualifying Shareholders; and
- (iii) no preference will be given to applications made for topping up odd lot holdings to whole board lot holdings.

Qualifying Shareholders are not guaranteed to be allotted all or any of the excess Rights Shares applied for.

If the aggregate number of Rights Shares available for excess application is greater than the aggregate number of excess Rights Shares applied for through EAFs, the Directors will allocate in full to each Qualifying Shareholder the number of excess Rights Shares applied for under the EAFs.

In the event the Board notes unusual patterns of excess applications and has reason to believe that any excess application may have been made with the intention to abuse the mechanism, such application(s) for excess Rights Shares may be rejected at the sole discretion of the Board.

Any Rights Shares (excluding those in respect of the IU Shares) not taken up by the Qualifying Shareholders are not taken up by excess applications will be taken up by the Underwriter and/or subscribers procured by it pursuant to the terms and conditions of the Underwriting Agreement.

If the Underwriter exercises its rights to terminate the Underwriting Agreement on or before the Latest Time for Termination and/or if any of the conditions mentioned in the paragraphs headed “Conditions of the Rights Issue” and “Conditions of the Underwriting Agreement” below is not fulfilled, the monies received in respect of the application for excess Rights Shares will be returned to the relevant persons without interest by means of cheques despatched by ordinary post to their registered address at the risk of such persons on or before Tuesday, 14 September 2021.

***Action to be taken by Beneficial Owners whose Shares are held by a registered owner (other than Shares deposited in CCASS) who wish to apply for excess Rights Shares***

If you are a Beneficial Owner whose Shares are registered in the name of a registered owner and you wish to apply for excess Rights Shares, you should contact the registered owner and provide the registered owner with instructions or make arrangements with the registered owner in relation to such application. Such instructions and/or arrangements should be given or made in advance of the latest time for application and payment for

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excess Rights Shares stated in the section headed “Expected Timetable” in this Prospectus and otherwise in accordance with the requirements of the registered owner, in order to allow the registered owner sufficient time to ensure that your instructions are given effect.

***Action to be taken by Beneficial Owners holding interest in Shares through CCASS who wish to apply for excess Rights Shares***

If you are a Beneficial Owner of whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, and you wish to apply for excess Rights Shares, you should (unless you are a CCASS Investor Participant) contact your intermediary and provide your intermediary with instructions or make arrangements with your intermediary in relation to the application for excess Rights Shares. Such instructions and/or arrangements should be given or made in advance of the date stated in the section headed “Expected Timetable” in this Prospectus as the latest time for application and payment for excess Rights Shares and otherwise in accordance with the requirements of your intermediary in order to allow your intermediary sufficient time to ensure that your instructions are given effect. The procedure for application for excess Rights Shares shall be in accordance with the “General Rules of CCASS”, the “CCASS Operational Procedures” and any other requirements of CCASS.

The procedures for application for excess Rights Shares by Beneficial Owners who have been admitted to participate in CCASS as CCASS Investor Participants shall be in accordance with the “Operating Guide for Investor Participants” and any other requirements of CCASS. Beneficial Owners who have been admitted to participate in CCASS as CCASS Investor Participants should contact CCASS to provide CCASS with instructions or make arrangements with CCASS in relation to any applications for excess Rights Shares.

### **Shareholders with their Shares**

#### **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 Rights Shares in nil-paid or fully-paid forms 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 and dealing arrangements of the Rights Issue**

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange. Dealings in the Rights Shares in nil-paid form are expected to take place from Wednesday, 25 August 2021 to Wednesday, 1 September 2021 (both days inclusive).



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## LETTER FROM THE BOARD

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

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

Both the nil-paid Rights Shares and the fully-paid Rights Shares will be traded in board lots of 10,000 Shares.

### **Stamp duty and other applicable fees**

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

### **Share certificates and refund cheques for the Rights Shares**

Subject to the fulfilment of the conditions of the Rights Issue as set out below, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered address, at their own risks, on or before Tuesday, 14 September 2021. Each shareholder will receive one share certificate for all allotted Rights Shares.

If the Underwriting Agreement is terminated or does not become unconditional, the Rights Issue will not proceed and refund cheques will be posted on or before Tuesday, 14 September 2021 by ordinary post to the respective Shareholders, at their own risk, to their registered addresses. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be despatched on or before Tuesday, 14 September 2021 to the applicants without interest at their registered addresses by ordinary post at their own risk.

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## LETTER FROM THE BOARD

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### THE IRREVOCABLE UNDERTAKING

As at the date of the Announcement, the IU Shareholder is beneficially interested in 807,050,000 Shares, representing approximately 72.06% of the issued Shares. On 6 August 2021, the Company received from the IU Shareholder the Irrevocable Undertaking, pursuant to which the IU Shareholder has irrevocably undertaken to the Company and the Underwriter that it:

- (i) shall not sell, transfer or otherwise dispose of or create any rights in respect of any of the 807,050,000 IU Shares currently beneficially owned by it and which will remain beneficially owned by it on the Record Date;
- (ii) shall, and shall procure its nominee(s) (if applicable) to, subscribe, take up and pay for, in accordance with the terms of the Prospectus Documents, all the Rights Shares which will be provisionally allotted to it in respect of the IU Shares pursuant to the Rights Issue; and
- (iii) shall, and shall procure its nominee(s) (if applicable) to, lodge the PAL(s) despatched to it together with remittance for the full amount payable on acceptance in accordance with the instructions printed on the Prospectus and the PAL and, in any event, not later than the time specified therefor in the PAL.

Save for the Irrevocable Undertaking, the Company has not received any information or irrevocable undertaking from any other Shareholders of their intention in relation to the Rights Shares to be allotted to them under the Rights Issue as at the Latest Practicable Date.

### INTENTION OF THE IU SHAREHOLDER

The Board has been informed by the IU Shareholder that, in addition to the committed subscription in accordance with the Irrevocable Undertaking, it intends to apply, by way of excess application, for the maximum number of Rights Shares allowed under Rule 7.21(3)(b) of the Listing Rules. Such intention is, however, also subject to the public float requirement under Rule 8.08 of the Listing Rules.

As at the Latest Practicable Date, the IU Shareholder is beneficially interested in 807,050,000 Shares, representing 72.06% of issued Shares. On the assumption that the IU Shareholder or its nominees (if applicable) will (i) subscribe for their assured entitlements; and (ii) apply for excess Rights Shares under the Rights Issue, the maximum number of excess Right Shares that the IU Shareholder will be able to apply will be 62,590,000 Rights Shares. However, the actual number of excess Rights Shares that will be allocated to the IU Shareholder will be subject to (i) the level of subscription for the Rights Shares by way of excess application by other Qualifying Shareholders; and (ii) the public float requirement under Rule 8.08 of the Listing Rules. The Board expects that based on the aforesaid adjustment, the actual maximum number of excess Rights Shares that will be allocated to the IU Shareholder will be 39,540,000 Rights Shares.

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## LETTER FROM THE BOARD

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Notwithstanding application of excess Rights Shares which may be applied by the IU Shareholder, the Directors will allocate the excess Rights Shares (if any) at their discretion on a fair and equitable basis as described in the paragraph headed “Application for excess Rights Shares” above in this Prospectus.

### UNDERWRITING ARRANGEMENT

On 6 August 2021 (after trading hours), the Company and the Underwriter entered into the Underwriting Agreement in respect of the proposed Rights Issue, pursuant to which the Underwriter has conditionally agreed to fully underwrite the Underwritten Shares, subject to the terms and conditions set out in the Underwriting Agreement.

Principal terms of the Underwriting Agreement are as follows:

Date	:	6 August 2021 (after trading hours)
Underwriter	:	Luk Fook Securities (HK) Limited, a company incorporated in Hong Kong with limited liability and a licensed corporation to carry on business in Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO and underwriting is in the ordinary and usual course of business of the Underwriter.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Underwriter and its ultimate beneficial owners are Independent Third Parties.

The Underwriter confirmed that it has complied with Rule 7.19(1)(a) of the Listing Rules that it is licensed under the SFO for Type 1 (dealing in securities) regulated activity and its ordinary course of business includes underwriting of securities and it is not a connected person (as defined under the Listing Rules) of the Company.

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## LETTER FROM THE BOARD

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- Number of Rights Shares to be underwritten : Up to 62,590,000 Rights Shares, being the maximum total number of Rights Shares issuable (assuming no change in the issued Shares on or before the Record Date), excluding the Rights Shares in respect of the IU Shares to be taken up by the IU Shareholder pursuant to the Irrevocable Undertaking and the maximum number of excess Rights Shares that may be allocated to the IU Shareholder.
- Commission : 1.5% of the aggregate Subscription Price in respect of the Underwritten Shares.

The terms of the Underwriting Agreement (including the commission rate) were determined after arm's length negotiation between the Company and the Underwriter by reference to the financial position of the Group, the size of the Rights Issue, the current and expected market condition, the market price of the Shares and the prevailing market rate of similar transactions. The Directors consider that the terms of the Underwriting Agreement, including the commission rate, are fair and reasonable and in the interest of the Company and the Shareholders as a whole. None of the Directors has a material interest in the transaction contemplated under the Underwriting Agreement.

Subject to the fulfillment of the conditions contained in the Underwriting Agreement set out in the paragraph headed "Conditions of the Underwriting Agreement" below in this Prospectus and provided that the Underwriting Agreement is not terminated prior to the Latest Time for Termination in accordance with the terms thereof, the Underwriter shall subscribe or procure subscription on the terms of the Prospectus Documents (insofar as the same are applicable) for such Untaken Shares.

### **Termination of the Underwriting Agreement**

The Underwriter shall have the right to terminate the Underwriting Agreement by notice in writing given to the Company at or prior to the Latest Time for Termination, if:

- (i) there develops, occurs or comes into force:
  - (a) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which, in the absolute opinion of the Underwriter, may have a Material Adverse Effect or materially and adversely affects the Rights Issue or makes it inadvisable or inexpedient to proceed therewith; or
  - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date of the Underwriting Agreement) of an economic, financial, political or military or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local,

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national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets, which, in the absolute opinion of the Underwriter, may have a Material Adverse Effect or materially and adversely affects the Rights Issue or makes it inadvisable or inexpedient to proceed therewith; or

- (c) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, moratorium, suspension or material restriction or trading in securities) which, in the absolute opinion of the Underwriter, may have a Material Adverse Effect or materially and adversely affects the Rights Issue or makes it inadvisable or inexpedient to proceed therewith; or
- (ii) any Specified Event comes to the knowledge of the Underwriter; or
- (iii) there is any change in the circumstances of the Company or any member of the Group which, in the absolute opinion of the Underwriter, will adversely affect the prospects of the Group as a whole, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (iv) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lockout which would, in the absolute opinion of the Underwriter, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (v) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (vi) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of the Underwriter, a material omission in the context of the Rights Issue; or
- (vii) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than five (5) consecutive Business Days, excluding any suspension in connection with the clearance of the Announcement or the Prospectus Documents or other announcements or circulars in connection with the Rights Issue; or
- (viii) the Prospectus, when published, contains information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the

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Company and which may in the absolute opinion of the Underwriter be material to the Group as a whole upon completion of the Rights Issue and is likely to affect materially and adversely the success of the Rights Issue.

### Conditions of the Underwriting Agreement

The obligations of the Underwriter to subscribe or procure subscribers for the Underwritten Shares pursuant to the Underwriting Agreement are conditional upon the happening of the following events by no later than the dates and times (where relevant) specified below, respectively:

- (i) the issue and publication of the Announcement as soon as practicable and, in any event, within three Business Days of the date of the Underwriting Agreement;
- (ii) the posting on or before the Posting Date of the Prospectus Documents to the Qualifying Shareholders and, to the extent permissible under applicable laws and regulations in the relevant jurisdiction and to the extent reasonably practicable, the Prospectus to the Non-Qualifying Shareholders for information only;
- (iii) the filing and registration of the Prospectus Documents as required by law to be filed by and registered with the Registrar of Companies in Hong Kong in accordance with the Listing Rules, the Companies Ordinance and the Companies (WUMP) Ordinance;
- (iv) the Listing Committee of the Stock Exchange granting or agreeing in principle to grant (subject to allotment), and not having withdrawn or revoked the grant of, listing of and permission to deal in the Rights Shares in both their nil-paid and fully-paid forms;
- (v) the Shares remaining listed on the Stock Exchange at all times up to and including the first day of dealings in the fully-paid Rights Shares and the listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than five (5) trading days at any time prior to the Latest Time for Termination, excluding any suspension in connection with the clearance of the Announcement or the Prospectus Documents or other announcements or circulars in connection with the Rights Issue;
- (vi) the obligations of the Underwriter becoming unconditional and the Underwriting Agreement is not terminated in accordance with its terms;
- (vii) compliance with and performance of all undertakings and obligations of the Company under the Underwriting Agreement;
- (viii) each condition to enable the nil-paid Rights Shares to be admitted as eligible securities for deposit, clearance and settlement in CCASS having been satisfied on or before the Business Day prior to the commencement of trading of the nil-paid Rights Shares;

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- (ix) on or before the Latest Acceptance Date, the IU Shareholder or its/his associates or nominees (including the relevant CCASS participant(s), if applicable) having taken up and paid for the Rights Shares provisionally allotted to it/him in respect of the IU Shares, by way of accepting the provisional allotments of such Rights Shares, accompanied by cheque or other remittances for the respective amounts payable on acceptance;
- (x) all the representations, warranties and undertakings of the Company in the Underwriting Agreement as at the date of the Underwriting Agreement and up to and including the Latest Time for Termination remaining true and accurate and not misleading, and there being, by the Latest Time for Termination: (1) no breach in any respect; (2) no cause for the Underwriter to reasonably believe a breach has occurred or may occur; and (3) no matter having arisen which would reasonably be expected to give rise to a breach or claim; and
- (xi) compliance with any other mandatory requirements under the applicable laws and regulations of Hong Kong and Cayman Islands on or before the Latest Time for Termination.

All conditions are incapable of being waived. As at the Latest Practicable Date, save for condition (i), (ii) and (iii) above, none of the conditions of the Underwriting Agreement has been fulfilled. If the conditions set out above are not fulfilled by the Latest Time for Termination (or such other time and/or date as the Company and the Underwriter may agree in writing), the Underwriting Agreement will be terminated and no party will have any claim against the others for costs, damages, compensation or otherwise save for any antecedent breaches.

### CONDITIONS OF THE RIGHTS ISSUE

The Rights Issue is conditional upon the obligations of the Underwriter under the Underwriting Agreement becoming unconditional and the Underwriter not terminating the Underwriting Agreement.

**The Underwriting Agreement contains detailed conditions and events which may cause the Underwriting Agreement to be terminated by the Underwriter. Please refer to the section headed “Underwriting Arrangement” in this Prospectus for details of the conditions and grounds of termination of the Underwriting Agreement. If the Underwriting Agreement does not become unconditional or is terminated, the Rights Issue will not proceed.**

### WARNING OF THE RISKS OF DEALING IN THE SHARES

**Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with its terms. It should also be noted that the Underwriting Agreement contains provisions granting the Underwriter the right to terminate its obligations on the occurrence of certain events including force majeure. Please refer to the paragraph**

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## LETTER FROM THE BOARD

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headed “Underwriting Arrangement-Termination of the Underwriting Agreement” in this Prospectus for further details. Accordingly, the Rights Issue may or may not proceed.

The Shares has been dealt in on an ex-rights basis from Thursday, 12 August 2021. Dealings in the Rights Shares in nil-paid form are expected to take place from Wednesday, 25 August 2021 to Wednesday, 1 September 2021 (both days inclusive).

Any dealings in the Shares up to the date on 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.

### **EFFECT OF THE RIGHTS ISSUE ON THE SHAREHOLDING STRUCTURE OF THE COMPANY**

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after the completion of the Rights Issue assuming all Qualifying Shareholders take up their respective allotment of the Rights Shares in full; (iii) immediately after the completion of the Rights Issue (assuming no Qualifying Shareholders take up any of the Right Shares other than the IU Shareholder who shall only take up the Right Shares in respect of the IU Shares pursuant to the Irrevocable Undertaking and the Underwriter and/or subscriber(s) procured by it who shall take up all the Untaken Shares); and (iv) immediately after the completion of the Rights Issue (assuming (a) no Qualifying Shareholders take up any of the Rights Shares other than the IU Shareholder who shall take up the Rights Shares in respect of the IU Shares pursuant to the Irrevocable Undertaking; (b) excess application is made by the IU Shareholder and the maximum number of excess Rights Shares is allocated to the IU Shareholder; and (c) the Underwriter and/or subscriber(s) procured by it who shall take up all the Untaken Shares):



## LETTER FROM THE BOARD

Shareholders	As at the Latest Practicable Date		Immediately after the completion of the Rights Issue assuming all Qualifying Shareholders take up their respective allotment of the Rights Shares in full		Immediately after the completion of the Rights Issue (assuming no Qualifying Shareholders take up any of the Right Shares other than the IU Shareholder who shall only take up the Right Shares in respect of the IU Shares pursuant to the Irrevocable Undertaking and the Underwriter and/or subscriber(s) procured by it who shall take up all the Untaken Shares)		Immediately after the completion of the Rights Issue (assuming (a) no Qualifying Shareholders take up any of the Rights Shares other than IU Shareholder who shall take up the Rights Shares in respect of the IU Shares pursuant to the Irrevocable Undertaking; (b) excess application is made by the IU Shareholder and the maximum number of excess Rights Shares is allocated to the IU Shareholder; and (c) the Underwriter and/or subscriber(s) procured by it who shall take up all the Untaken Shares)	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
IU Shareholder	807,050,000	72.06	968,460,000	72.06	968,460,000	72.06	1,008,000,000	75.00
The Underwriter and/or subscriber(s) procured by it	–	–	–	–	62,590,000	4.66	23,050,000	1.72
Other public shareholders	312,950,000	27.94	375,540,000	27.94	312,950,000	23.28	312,950,000	23.28
<b>Total</b>	<b><u>1,120,000,000</u></b>	<b><u>100.00</u></b>	<b><u>1,344,000,000</u></b>	<b><u>100.00</u></b>	<b><u>1,344,000,000</u></b>	<b><u>100.00</u></b>	<b><u>1,344,000,000</u></b>	<b><u>100.00</u></b>

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

The Group is principally engaged in (i) interior fitting-out and renovation services; and (ii) alteration and addition (“A&A”) works for residential, industrial and commercial properties in Hong Kong. The Group has been running its business since 2005 and gained extensive experience and reputation in the industry. The principal operating subsidiary of the Group has been registered as a Registered General Building Contractor under the Building Authority since 2006 and is approved to carry out A&A works, including general building works and street works under the Buildings Ordinance.

As disclosed in the Composite Document, for the purpose of formulating business plan and strategy for the Group’s long-term business development, the Directors including the IU Shareholder will conduct a detailed review on the existing principal business and operation, and the financial position of the Group. Throughout the review, and as disclosed in the 2021 Annual Report, the Directors noted that the Group’s principal business has long been located in Hong Kong and the Group’s gross profit has been decreased for the three consecutive financial years from approximately HK\$53.28 million for the year ended 31 March 2019 to approximately HK\$28.07 million for the year ended 31 March 2020 and approximately HK\$13.90 million for the year ended 31 March 2021. The Directors considered the reason for the consecutive decrease in gross profit of the Group was mainly attributed to the intense market competition in Hong Kong, and so there is less room to further develop the existing business of the Group in Hong Kong.

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## LETTER FROM THE BOARD

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Given the extensive experience of the two Directors, namely Mr. Liu Zhancheng (“**Mr. Liu**”) and Ms. Qin Mingyue (“**Ms. Qin**”) which will be further disclosed in the paragraph below, the Group decided to develop construction and engineering related business in the PRC to strike for long-term growth and development of the Group.

The sole beneficial owner and sole director of the IU Shareholder, Mr. Liu, also the Chairman of the Board, the Chief Executive Officer and executive Director of the Company, obtained a bachelor’s degree in management from Shandong College of Finance and Economics\* (山東財政學院) in the PRC in 2005, and a master degree in engineering from Ocean University of China\* (中國海洋大學) in the PRC in 2013. Mr. Liu has started his business ventures and had founded Shandong Fujincheng Investment Limited\* (山東富金成投資有限公司) (“**Shandong Fujincheng**”) in the PRC in 2009, which is principally engaged in engineering projects involving, among others, high-voltage electricity, municipal administration and building construction, as well as petrochemical supply chain business and financial services business. One of the subsidiary of Shandong Fujincheng, namely Shandong Haomin Construction and Related Services Company Limited\* (山東浩民工程配套有限公司) (“**Shandong Haomin**”), a company established in the PRC in 2011, is principally engaged in, among others, carrying out municipal administration and building construction works and fitting-out works, and providing engineering project management services. Mr. Liu has been a director and general manager of Shandong Fujincheng since 2009 and chairman of board of directors of Shandong Haomin since July 2019. In addition, Ms. Qin, who was appointed as an executive Director with effect from 20 May 2021, has been a manager in the planning department of Wanna Investment (Beijing) Company Limited\* (萬納投資(北京)有限公司), which is owned as to 99% by Mr. Liu and 1% by Ms. Qin and which has been providing business planning, investment management, corporate management consultancy and sales and marketing services to a diverse customer group including Shandong Haomin and other companies principally engaged in construction works, fitting-out works and/or engineering project management. Ms. Qin is mainly responsible for external promotion and investment activities, including formulating business strategies, devising sales and marketing strategies and exploring promotion channels, and client relationship management.

On 30 June 2021, the Group started to set up an indirect wholly-owned subsidiary in the PRC, namely Standard Development (Shandong) Limited\* (標準發展(山東)有限公司) (the “**New Subsidiary**”), a limited liability company established under the laws of the PRC, which is principally engaged in provision of construction and engineering related services in the PRC, and the registration of which has been completed. The New Subsidiary will undertake construction and engineering related works for residential, industrial and commercial properties in the PRC on a project-by-project basis as a contractor.

The New Subsidiary plans to initially undertake small-scale engineering works in the Shandong Province, the PRC including but not limited to, fitting-out and renovation works and earthwork construction for buildings and property projects, and provision of related supporting services such as sale of construction materials in the first year upon commencement of its business. To the best knowledge of the Directors, these abovementioned business activities do not need to obtain any licence from relevant regulatory authority(ies) in the PRC. Subject to the progress of its business development, the New Subsidiary intends to expand its business to other surrounding areas of the Shandong

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## LETTER FROM THE BOARD

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Province, the PRC and undertake other larger scale engineering works. As at the Latest Practicable Date, the New Subsidiary has been negotiating with some independent construction enterprises and property developers for several potential fitting-out and renovation projects in the Shandong Province, the PRC. The contract sum for these contracts ranged from approximately RMB5.00 million to approximately RMB10.00 million and it is expected that the contracts will be undertaken in the year ending 31 March 2022. However, as at the Latest Practicable Date, no agreement, arrangement or understanding in relation to the aforesaid potential projects has been entered by the New Subsidiary as it currently does not have any capital to satisfy its set-up costs such as purchases of equipment, construction materials and staff costs. The registered capital of the New Subsidiary of US\$20.00 million shall be fully paid up on or before 31 December 2051. As at the Latest Practicable Date, the Company has not paid any capital to the New Subsidiary but will do so by applying the proceeds from the Rights Issue gradually depending on the business performance of the New Subsidiary. The Company intends to pay approximately a quarter of the registered capital of the New Subsidiary (i.e. approximately HK\$35.28 million) as soon as practicable upon the completion of registration so that the business of the New Subsidiary could commence in late September 2021 at the earliest.

The estimated net proceeds from the Rights Issue will be not more than approximately HK\$47.04 million after deduction of all estimated expenses (equivalent to a net price of approximately HK\$0.21 per Rights Share). The Company intends to use the net proceeds in the following manner:

- (i) approximately 75.00% (or approximately HK\$35.28 million) will be used towards the registered capital of the New Subsidiary in September 2021 so as to start up the new business of the New Subsidiary in the PRC as soon as practicable, which are allocated as below:
  - approximately 3.75%, 42.66%, and 18.75% or HK\$1.76 million, HK\$20.07 million and HK\$8.82 million will be used for operating expenses of the New Subsidiary and settlement of the set-up costs including (a) leasing of or acquiring relevant equipment; (b) payment of construction materials; and (c) recruiting staff, professionals and manpower for the engineering works, respectively;
  - approximately 7.50% or HK\$3.53 million will be used for other operating expenses of the New Subsidiary; and
  - approximately 2.34% or HK\$1.10 million will be used for setting up a new office of the New Subsidiary; and
- (ii) approximately 25.00% or HK\$11.76 million will be used towards the general working capital of the Company, which are allocated as below:
  - approximately 17.01% or HK\$8.00 million for the payment of salaries and employees benefit expenses of the Company's staff;

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## LETTER FROM THE BOARD

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- approximately 3.61% or HK\$1.70 million for the Company's professional fees; and
- approximately 4.38% or HK\$2.06 million for the Company's rental expenses and other administrative expenses,

all of which will be utilised in the financial year ending 31 March 2022.

The Group will closely review and monitor the business performance of the New Subsidiary thereafter and assess from time to time whether further capital should be paid into the New Subsidiary in order to support the future development of the New Subsidiary.

The Board has considered alternative fundraising means. The Board considers that to finance the funding needs of the Group in the form of equity is a better alternative than debt financing as (i) the IU Shareholder intends to finance the new business of the Group in the PRC by its own resources as much as possible instead of funding borrowed from other party(ies); (ii) having approached several financial institutions in Hong Kong, it is less likely to borrow sufficient funds from them because (a) the Group has outstanding bank borrowings of approximately HK\$23.57 million as at 31 March 2021; (b) the Group is exposed to concentration risk associated with operating its existing business in Hong Kong in a single industry; and (c) the Group currently lacks sufficient fixed assets to be pledged as collateral; and (iii) debt financing would result in additional interest burden and gearing of the Group although the gearing ratio of the Group decreased slightly from 28.4% as at 31 March 2020 to 21.3% as at 31 March 2021. Amongst the equity financing methods, placing or subscription of new Shares would dilute the shareholding of the existing Shareholders without giving the chance to the existing Shareholders to participate. On the contrary, the Rights Issue is pre-emptive in nature, as it allows Qualifying Shareholders to maintain their proportional shareholdings in the Company through participation in the Rights Issue. The Rights Issue also allows the Qualifying Shareholders to (a) increase their respective shareholding interests in the Company by acquiring additional rights entitlement in the open market (subject to the availability) and through excess applications; or (b) reduce their respective shareholding interests in the Company by disposing of their rights entitlements in the open market (subject to the market demand). As an open offer does not allow the trading of rights entitlements, a rights issue is preferred.

Accordingly, the Board considers that the Rights Issue provides a good opportunity for the Group to strengthen its capital base without increasing debt or incurring financing cost and to enhance its financial position, while at the same time the Rights Issue will enable all Shareholders to participate in the future development of the Company on equal terms. The Board considers that it is in the interests of the Company and the Shareholders as a whole to raise capital through the Rights Issue.

### **EQUITY FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS**

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

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## LETTER FROM THE BOARD

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### LISTING RULES IMPLICATIONS

Given that the Rights Issue will increase the issued Shares and the market capitalisation of the Company by not more than 50% within the 12-month period immediately preceding the Latest Practicable Date, the Rights Issue is not conditional on approval by the Shareholders pursuant to Rule 7.19A of the Listing Rules. The Rights Issue does not result in a theoretical dilution effect of 25% or more of its own.

### ADDITIONAL INFORMATION

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

Yours faithfully,  
By order of the Board  
**LKS Holding Group Limited**  
**Liu Zhancheng**  
*Executive Director*  
*Chief Executive Officer*  
*Chairman*

**1. FINANCIAL INFORMATION OF THE GROUP**

The Company is required to set out or refer to in this Prospectus the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement of the Group as shown in the audited consolidated financial statements of the Group for the years ended 31 March 2019, 2020 and 2021 together with the notes to the relevant published accounts which are of major relevance to the appreciation of the above financial information.

The audited consolidated financial statements of the Group for each of the years ended 31 March 2019, 2020 and 2021 are disclosed in the following documents which have been published on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<http://www.lksholding.com>), respectively:

- (i) the audited consolidated financial information of the Group for the year ended 31 March 2019 is disclosed in the annual report of the Company for the year ended 31 March 2019 published on 31 July 2019, from pages 42 to 100 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0731/ltn20190731269.pdf>);
- (ii) the audited consolidated financial information of the Group for the year ended 31 March 2020 is disclosed in the annual report of the Company for the year ended 31 March 2020 published on 31 July 2020, from pages 44 to 100 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0731/2020073100409.pdf>);  
and
- (iii) the audited consolidated financial information of the Group for the year ended 31 March 2021 is disclosed in the annual report of the Company for the year ended 31 March 2021 published on 26 July 2021, from pages 45 to 104 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0726/2021072600601.pdf>).

**2. WORKING CAPITAL SUFFICIENCY**

The Directors are of the opinion that, in the absence of unforeseeable circumstances, after taking into account the Group's business prospects, internal resources, available credit facilities and the estimated net proceeds from the Rights Issue, the Group has sufficient working capital for its requirements for at least twelve months commencing from the date of this Prospectus. The Company has obtained the relevant confirmation as required under paragraph 30, Appendix 1, Part B of the Listing Rules.

### 3. INDEBTEDNESS STATEMENT

As at the close of business on 30 June 2021, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Prospectus, the indebtedness of the Group was as follows:

#### **Borrowings and overdrafts and charges**

At the close of business on 30 June 2021, the Group had bank borrowings and overdrafts with an aggregated amount of approximately HK\$13.02 million. The bank borrowings and overdrafts were secured by deposit amounting to HK\$6.00 million, life insurance policies amounting to HK\$3.13 million and were secured by corporate guaranteed provide by the Company and its subsidiary. The bank borrowings bear floating interest rate at the Hong Kong Interbank Offered Rate plus 2.35% per annum. The bank overdrafts bear floating interest rate at the bank's Hong Kong Dollar Best Lending Rate plus 1% per annum. The bank borrowings and overdrafts were denominated in Hong Kong Dollars.

At the close of business on 30 June 2021, the Group had unutilised banking facilities of approximately HK\$26.98 million.

#### **Lease liabilities**

At the close of business on 30 June 2021, the Group had lease liabilities of approximately HK\$1.25 million in respect of lease of an office in Hong Kong.

#### **Contingent liabilities**

At the close of business on 30 June 2021, a subsidiary of the Group had provided surety bonds of approximately HK\$14.09 million to guarantee the performance of certain construction contracts undertaken by the subsidiary. The Company and its subsidiary have unconditionally and irrevocably agreed to indemnify the insurance companies that issue such surety bonds for claims and losses the insurance companies may incur in respect of the surety bonds. The surety bonds will be released when the contracts are completed or substantially completed pursuant to the relevant contracts.

At the close of business on 30 June 2021, cash collaterals in sum of approximately HK\$3.42 million was paid to insurance companies for the issuance of surety bonds.

Save as aforesaid, and apart from intra-group liabilities and normal trade and other payables in the ordinary course of business of the Group, the Group did not have any debt securities issued and outstanding, or authorised or otherwise created but unissued, any other term loans, any other borrowings or indebtedness in the nature of borrowing (including but not limited to bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures,

mortgages, charges, other recognised lease liabilities or lease commitments, which are either guaranteed, unguaranteed, secured or unsecured, guarantees or other material contingent liabilities at the close of business as of 30 June 2021.

#### 4. MATERIAL ADVERSE CHANGE

Save as disclosed in the section headed “Material Litigation” of Appendix III to this Prospectus, as at the Latest Practicable Date, the Directors confirmed that there had been no material adverse change in the financial or trading position or prospects of the Group since 31 March 2021, the date to which the latest published audited financial statements of the Group were made up.

#### 5. BUSINESS REVIEW AND FINANCIAL AND TRADING PROSPECT

The Group is a contractor capable of providing (i) interior fitting-out and renovation services; and (ii) alteration and addition (“A&A”) works for residential, industrial and commercial properties in Hong Kong. The Group has been running its business since 2005 and gained extensive experience and reputation in the industry. Ample Construction Company Limited, the Company’s principal operating subsidiary for the contracting businesses, has been registered as a Registered General Building Contractor under the Building Authority since 2006 and is approved to carry out A&A works, including general building works and street works under the Buildings Ordinance. Ample Design Company Limited, the design department of the Group, provides interior design services to clients.

For the year ended 31 March 2021, the Group recorded revenue of approximately HK\$221.9 million as compared to revenue of HK\$295.9 million for the year ended 31 March 2020. Such decrease was mainly due to the decrease in number of projects undertaken and the lower value of contracts awarded to the Group as a result of the intense market competition under the sluggish economy during the year ended 31 March 2021.

With the control measures implemented by the Hong Kong government and the launch of the vaccines, the number of confirmed cases of COVID-19 have slightly stabilised but still remained very volatile with local cluster cases reported from time to time. Looking forward, the economy of Hong Kong is still unstable under the outbreak of COVID-19. The Group will closely monitor the market conditions and continue to adopt appropriate measures so as to mitigate the risks as brought by COVID-19. In addition, after the completion of the Offer, the IU Shareholder, the controlling shareholder (as defined in the Listing Rules) of the Company, and the Group will also actively explore other business opportunities and formulate long-term business plans and strategies, such as developing construction and engineering related business in the PRC, in order to capture market rebound once the market conditions recover progressively and strike for long-term growth and development of the Group.

To coordinate with the Group’s future business development, on 23 June 2021, the Company proposed to change the English name and the dual foreign name in Chinese of the Company from “LKS Holding Group Limited” and “樂嘉思控股集團有限公司” to “Standard Development Group Limited” and “標準發展集團有限公司” respectively (the “**Proposed Change of Company Name**”), the special resolution of which had been duly passed by the



Shareholders on 5 August 2021. The Company is carrying out the necessary filing or registration procedures with the Companies Registry in Hong Kong. Further announcement will be made by the Company on or after the effective date of the Proposed Change of Company Name and the consequential change in the stock short names of the Company for trading of the Shares on the Stock Exchange as and when appropriate.

**(A) UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED  
NET TANGIBLE ASSETS OF THE GROUP**

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company (the “Unaudited Pro Forma Financial Information”) has been prepared by the Directors in accordance with paragraph 29 of Chapter 4 of the Listing Rules to illustrate the effect of the Rights Issue on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as if the Rights Issue had taken place on 31 March 2021.

The Unaudited Pro Forma Financial Information is prepared based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2021, as extracted from the audited consolidated financial statements of the Group for the year ended 31 March 2021 dated 29 June 2021, and is adjusted for the effect of the Rights Issue as if the Rights issue had taken place on 31 March 2021.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2021 or at any future dates immediately after the completion of Rights Issue.

Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2021 HK\$'000 (Note 1)	Estimated net proceeds from the Rights Issue HK\$'000 (Note 2)	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after the completion of the Rights Issue as at 31 March 2021 HK\$'000 (Note 3)	Audited consolidated net tangible assets of the Group per Share attributable to owners of the Company as at 31 March 2021 before the completion of the Rights Issue HK\$ (Note 4)	Unaudited pro forma adjusted consolidated net tangible assets of the Group per Share attributable to owners of the Company as at 31 March 2021 immediately after the completion of the Rights Issue HK\$ (Note 5)
Based on 224,000,000 Rights Shares to be issued at the Subscription Price of HK\$0.22 per Rights Share	117,705	47,040	164,745	0.1051
	0.1226			

*Notes:*

- (1) The audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2021 is extracted from the audited consolidated financial statements of the Group for the year ended 31 March 2021 dated 29 June 2021.

- (2) The estimated net proceeds from the Rights Issue of approximately HK\$47,040,000 are based on 224,000,000 Rights Shares to be issued at the Subscription Price of HK\$0.22 per Rights Share, after the deduction of the estimated related expenses of approximately HK\$2,240,000.
- (3) The unaudited proforma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after the completion of the Rights Issue represents the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2021 plus the net proceeds from the Rights Issue as set out in Note 2.
- (4) The calculation of the audited consolidated net tangible assets of the Group per share attributable to owners of the Company as at 31 March 2021 before the completion of the Rights Issue is based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2021 of approximately HK\$117,705,000 as set out in Note 1, divided by 1,120,000,000 Shares as at 31 March 2021.
- (5) Unaudited pro forma adjusted consolidated net tangible assets of the Group per share attributable to owners of the Company as at 31 March 2021 immediately after the completion of the Rights Issue is determined based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after the completion of the Rights Issue of approximately HK\$164,745,000 as set out in Note 3, divided by 1,344,000,000 Shares which represents:
  - (i) 1,120,000,000 shares in issue as at 31 March 2021; and
  - (ii) 224,000,000 Rights Shares to be issued, assuming no change in issued shares on or before the Record Date.
- (6) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2021.

**(B) INDEPENDENT REPORTING ACCOUNTANT’S ASSURANCE REPORT ON  
THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL  
INFORMATION**

*The following is the text of the independent reporting accountant’s assurance report, received from Asian Alliance (HK) CPA Limited, Certified Public Accountants, Hong Kong, the reporting accountant of the Company, in respect of the Unaudited Pro Forma Financial Information of the Group, prepared for the purpose of inclusion in this Prospectus.*

**To the Board of Directors of LKS Holding Group Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of LKS Holding Group Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2021 and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out in pages II-1 to II-2 of Appendix II to the prospectus issued by the Company dated 23 August 2021 (the “**Prospectus**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in pages II-1 to II-2 of Appendix II to the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of proposed rights issue by issuing up to 224,000,000 rights shares at the subscription price of HK\$0.22 per rights share on the basis of one rights share for every five existing shares held on the record date (the “**Rights Issue**”) on the Group’s financial position as at 31 March 2021 as if the Rights Issue had taken place at 31 March 2021. As part of this process, information about the Group’s financial position has been extracted by the Directors from the consolidated financial statements of the Group for the year ended 31 March 2021, on which an auditor’s report has been published on 29 June 2021.

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

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 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 7 “*Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars*” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

**Our Independence and Quality Control**

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

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

**Reporting Accountant’s Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “*Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*” issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

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

The purpose of Unaudited Pro Forma Financial Information included in 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 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 2021 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the

Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

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

### **Opinion**

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

#### **Asian Alliance (HK) CPA Limited**

*Certified Public Accountants (Practising)*

#### **Chung Chi Chiu**

Practising Certificate Number: P06610

8/F Catic Plaza  
8 Causeway Road  
Causeway Bay  
Hong Kong

23 August 2021

**1. RESPONSIBILITY STATEMENT**

This Prospectus, for which the Directors collectively and individually accept full responsibility, including 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**

The issued share capital of the Company as at the Latest Practicable Date were, and following completion of the Rights Issue, are expected to be as follows:

**(a) As at the Latest Practicable Date**

	<b>Nominal value per Share</b>	<b>Number of Shares</b>
Authorised:	HK\$0.01	2,000,000,000
Issued and fully paid:	HK\$0.01	1,120,000,000

**(b) Immediately following the completion of the Rights Issue (assuming (i) no change in the number of issued Shares from the Latest Practicable Date up to and including the Record Date; and (ii) all Qualifying Shareholders have taken up the Rights Shares to which they are entitled)**

	<b>Nominal value per Share</b>	<b>Number of Shares</b>
Authorised:	HK\$0.01	2,000,000,000
Issued and fully paid:	HK\$0.01	1,344,000,000

All of the Shares and the Rights Shares in issue and to be issued (when fully paid) rank and will rank pari passu with each other in all respects, including, in particular, as to dividends, voting rights and return of capital. The Shares and the Rights Shares in issue and to be issued are or will be listed on the Main Board of the Stock Exchange.

Since 31 March 2021, being the date to which the latest published audited consolidated financial statements of the Company were made up, and up to and including the Latest Practicable Date, other than the Rights Shares, the Company had not issued nor agreed to issue any new Shares.

The Company has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or the Rights Shares or any other Securities of the Company to be listed or dealt in on any other stock exchange. Accordingly, there is no dealing and settlement arrangements of the Shares between the Stock Exchange and other stock exchange.

As at the Latest Practicable Date, the Company had no outstanding options, warrants, derivatives or other convertible securities in issue which are convertible or exchangeable into Shares.

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

### 3. DISCLOSURE OF INTEREST

#### (a) Interests and short positions of the Directors and chief executives of the Company in the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; and (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange were as follows:

Name of Director	Number of Shares held				Total	Percentage of issued Shares
	Personal Interests	Family Interests	Corporate Interests	Other Interests		
Mr. Liu Zhancheng ( <i>Note</i> )	-	-	807,050,000 (L)	-	807,050,000 (L)	72.06

*Note:* "L" denotes long position. The 807,050,000 Shares were directly held by the IU Shareholder. Mr. Liu Zhancheng is the sole director and sole beneficial owner of the IU Shareholder. Therefore, Mr. Liu Zhancheng was deemed indirectly interested in the 807,050,000 Shares.

Save as disclosed above, to the best knowledge of the Directors as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); (ii) pursuant to section 352 of the



SFO, to be entered in the register referred to therein; and (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

**(b) Substantial Shareholders' interests and short positions in the Shares and the underlying Shares**

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of the SFO and, so far as is known to the Directors or chief executive of the Company, the persons (other than a Director or chief executive of the Company) who had, or were deemed or taken to have, an interest or a short position in the Shares or the underlying Shares as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO of who were, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Group:

Name of Shareholder	Number of Shares held				Total	Percentage of issued Shares
	Personal Interests	Family Interests	Corporate Interests	Other Interests		
IU Shareholder <i>(Note)</i>	-	-	807,050,000 (L)	-	807,050,000 (L)	72.06

*Note:* "L" denotes long position.

Save as disclosed above, so far as is known to the Directors, as at the Latest Practicable Date, no person (other than a Director or chief executive of the Company or their respective associates) had, or were deemed or taken to have, an interest or a short position in the Shares or the underlying Shares as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Group.

**4. MATERIAL LITIGATION**

On 5 March 2021, Bondway Development Limited, a customer of the Group, issued and filed statement of claim, of which against Ample Construction Company Limited ("**Ample Construction**"), an indirectly wholly-owned subsidiary of the Group, under the High Court of the Hong Kong for a water seepage damage for the fitting our project in a sum of not less than HK\$267,000. As at the Latest Practicable Date, the Company had not received any judgement in relation to the aforesaid legal proceeding.

On 21 April 2021, Ample Construction had commenced arbitration proceedings against Lai Si Construction (Hong Kong) Company Limited ("**Lai Si**"), a customer of the Group, under Case No. DCCJ1751/2021. According to the indictment, and as at the Latest Practicable Date, Lai Si owned Ample Construction with an aggregated amount of approximately HK\$1,870,000 and the case is in listing for trial.

The Directors consider that the ongoing legal proceedings are unlikely to have any material impact on the operation and financial position of the Group.

As at the Latest Practicable Date, and save as disclosed above, no member of the Group was engaged in any litigation, arbitration or claims of material importance and no litigation, arbitration or claims of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

#### **5. DIRECTORS' SERVICE CONTRACTS**

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

#### **6. DIRECTOR'S INTERESTS IN ASSETS OF THE GROUP**

As at the Latest Practicable Date, none of the Directors had any interest, either directly or indirectly, in any assets which had been, since 31 March 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up, and up to the Latest Practicable Date, 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.

#### **7. DIRECTOR'S INTERESTS IN CONTRACTS OR ARRANGEMENTS OF SIGNIFICANCE**

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

**8. EXPERT'S QUALIFICATION AND CONSENT**

The following sets out the qualifications of the experts who have given opinions, letters or advices included in this Prospectus:

<b>Name</b>	<b>Qualifications</b>
Asian Alliance (HK) CPA Limited	Certified Public Accountants

The above expert has given, and has not withdrawn, its written consent to the issue of this Prospectus with the inclusion of its letters, reports and/or opinion in the form and context in which it is included and the references to its name in the form and context in which it respectively appears.

As at the Latest Practicable Date, the above expert did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group.

As at the Latest Practicable Date, the above expert did not have any interests, directly or indirectly, in any assets which had been, since 31 March 2021, being the date to which the latest published audited consolidated financial statements of the Company were made up, and up to the Latest Practicable Date, acquired, disposed of by or leased to any other member of the Group, or were proposed to be acquired, disposed of or by or leased to any member of the Group.

**9. MATERIAL CONTRACTS**

There is no material contract (not being a contract entered into the ordinary course of business carried on or intended to be carried on by the Group) had been entered into members of the Group within the two years immediately preceding the date of the Announcement and up to the Latest Practicable Date.

**10. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE**

<b>Board of Directors</b>	Mr. Liu Zhancheng Ms. Qin Mingyue Mr. Ye Zuobin Dr. Su Lixin Mr. Liang Rongjin Dr. Yan Bing
<b>Principal bankers</b>	China Everbright Bank Company Limited 20/F, Everbright Centre 108 Gloucester Road Wan Chai Hong Kong  The Hongkong and Shanghai Banking Corporation Limited 8th Floor, Tower 2 HSBC Centre, 1 Sham Mong Road Tai Kok Tsui, Kowloon Hong Kong  DBS Bank (Hong Kong) Limited 16th Floor, The Centre 99 Queen's Road Central Central, Hong Kong
<b>Authorised representatives of the Company</b>	Mr. Liu Zhancheng 21/F, Po Shau Centre No. 115 How Ming Street Kwun Tong, Kowloon Hong Kong  Mr. Ye Zuobin 21/F, Po Shau Centre No. 115 How Ming Street Kwun Tong, Kowloon Hong Kong
<b>Legal advisers to the Company</b>	CFN Lawyers in association with Broad & Bright Room 4101-04, 41/F Sun Hung Kai Centre 30 Harbour Road Wan Chai Hong Kong

<b>Hong Kong branch share registrar and transfer office</b>	Tricor Investor Services Limited Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
<b>Financial adviser to the Company to the Rights Issue</b>	Luk Fook Capital (HK) Limited Units 2201-2207 & 2213-2214 22/F Cosco Tower 183 Queen's Road Central Hong Kong
<b>Auditor</b>	Asian Alliance (HK) CPA Limited 8/F, Catic Plaza 8 Causeway Road Causeway Bay Hong Kong

## 11. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

### (a) Directors

Mr. Liu Zhancheng (“**Mr. Liu**”)  
*Chairman, Chief Executive Officer and executive Director*

Mr. Liu, aged 46, joined the Group in 2021, is currently the executive Director, Chairman and Chief Executive Officer of the Board. He obtained a bachelor's degree in management from Shandong College of Finance and Economics\* (山東財政學院) in the PRC in 2005, and a master's degree in engineering from Ocean University of China\* (中國海洋大學) in the PRC in 2013. Since 2009, Mr. Liu has started his business ventures and had founded Shandong Fujincheng Investment Limited\* (山東富金成投資有限公司) (“**Shandong Fujincheng**”) in the PRC, which is principally engaged in engineering projects involving, among others, high-voltage electricity, municipal administration and building construction, as well as petrochemical supply chain business and financial services business. Mr. Liu has been a director and general manager of Shandong Fujincheng since 2009.

Ms. Qin Mingyue (“**Ms. Qin**”)  
*Executive Director*

Ms. Qin, aged 28, joined the Group in 2021, is currently the executive Director. Ms. Qin obtained a bachelor's degree from Communication University of China\* (中國傳媒大學) in the PRC in 2011. Since 2011, Ms. Qin has been a manager in the planning department of Wanna Investment (Beijing) Company Limited\* (萬納投資(北京)有限公司) (“**Wanna Investment (Beijing)**”), which is owned as to 99% by Mr. Liu and 1% by Ms. Qin. Since its establishment in 2006, Wanna Investment Beijing has been providing business planning, investment

management, corporate management consultancy and sales and marketing services to a diverse customer group, including Shandong Haomin Construction and Related Services Company Limited\* (山東浩民工程配套有限公司) and other companies which are principally engaged in the business(es) of construction works, fitting-out works and/or engineering project management. As the manager in the planning department of Wanna Investment (Beijing), Ms. Qin is mainly responsible for external promotion and investment activities, including formulating business strategies, devising sales and marketing strategies and exploring promotion channels, and client relationship management.

Mr. Ye Zuobin (“**Mr. Ye**”)

*Executive Director*

Mr. Ye, aged 43, joined the Group in 2021, is currently the executive Director. He obtained a Bachelor degree of Information and Control Engineering (Control Science) from Shandong University in the People’s Republic of China in July 1997. He obtained a Master degree of Philosophy in Business from Lingnan University in Hong Kong in November 2004. He has extensive experience in corporate investing, financing and project management. He was a vice president of Hongkong Dahai Enterprises Company Limited from July 2013 to April 2015. He was the director, corporate finance of GCL New Energy Management Limited, a subsidiary of GCL New Energy Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 451) from April 2015 to September 2018. He was the general manager of investment project management department and assistant to the company secretary of South Manganese Investment Limited (stock code: 1091) (formerly known as CITIC Dameng Holdings Limited), a company listed on the Main Board of the Stock Exchange, from November 2018 to June 2021.

Dr. Su Lixin (“**Dr. Su**”)

*Independent non-executive Director*

Dr. Su, aged 46, joined the Group in 2021, is currently the independent non-executive Director. She obtained a Bachelor degree of International Trade from Shanghai University of Finance and Economics in the People’s Republic of China in July 1997. She obtained a Doctor degree of Philosophy in Management Science from The University of Texas at Dallas in August 2005. She has over 16 years of experience in accounting studies. She has been employed by The Hong Kong Polytechnic University from August 2005 to January 2017 and her last position was associate professor in the School of Accounting and Finance. Dr. Su has been employed by Lingnan University from January 2017 to August 2021 and her last position was Professor and Head of Department of Accountancy, Faculty of Business of Lingnan University. She re-joined The Hong Kong Polytechnic University as a professor and Head of School of Accounting and Finance in August 2021.

Mr. Liang Rongjin (“**Mr. Liang**”)  
*Independent non-executive Director*

Mr. Liang, aged 61, joined the Group in 2021, is currently the independent non-executive Director. He had served in Shandong Engineering Consultation Yard\* (山東省工程諮詢院) for over 30 years. He held the position of Officer of Social Business Department and senior professional third-level researcher until his retirement in December 2019. He obtained the specialist qualification of Chemical Defense from People’s Liberation Army Defense Chemical Academy\* (中國人民解放軍陸軍防化學院) (formerly known as the Defense Chemical Academy\* (防化學院)) in July 1986. He further obtained a bachelor degree of Economic Management from Shandong Economic Management Institute\* (山東省經濟管理幹部學院) in July 1996. He became a registered supervision engineer of the Ministry of Transportation of the People’s Republic of China in May 1998. Since April 2005, he has been a registered consulting engineer (investment) of the People’s Republic of China. He also became a project management professional of Project Management Institute in the United States since December 2008. He was also a FIDIC Certified Consulting Engineer of the International Federation of Consulting Engineers from 2016 to 2019. He was appointed as an expert of China Engineering Consulting Association from December 2009 to December 2011, and was appointed as a vice chairman of the 6th session of the Thermal Power Committee of the Chinese Society for Electrical Engineering in December 2016.

Dr. Yan Bing (“**Dr. Yan**”)  
*Independent non-executive Director*

Dr. Yan, aged 43, joined the Group in 2021, is currently the independent non-executive Director of the Company. He obtained a Bachelor degree of International Trade (International Economics) from Shandong University in the People’s Republic of China in July 1998. He obtained a Master degree of International Trade from Xiamen University in the People’s Republic of China in July 2001. He further obtained a Doctor degree of Global Economics from Nankai University in the People’s Republic of China in July 2004. He has over 20 years of experience in international economics studies. Since July 2004, he was employed by Nankai University. He is currently a professor, a doctoral advisor and a deputy director of the Institute of International Economics of Nankai University of Nankai University.

**(b) Senior management**

Mr. Cheung Ka Yan (“**Mr. Cheung**”)  
*Project director*

Mr. Cheung, aged 43, joined the Group in 2005. He is currently the project director and the co-founder of the Group. He is responsible for project planning and contract management. He is an authorised signatory and a technical director for Ample Construction Company Limited, an indirect wholly-owned subsidiary of the Company, on the Register of General Building Contractors of the Buildings

Department. He is also a director of all subsidiaries of the Company. He obtained a Bachelor of Science Degree in Construction Management from the University of Wolverhampton, the United Kingdom in October 2004. Mr. Cheung has around 21 years of experience in the construction industry.

Ms. Chan Ka Wai Cari (“**Ms. Chan**”)

*Administration & human resources manager*

Ms. Chan, aged 35, joined the Group in 2011. She is currently the administration & human resources manager of the Group. She is responsible for managing office administration and human resources. In September 2014, she was promoted to the position of project secretary. She was further promoted to her current position in July 2017. She obtained a Certificate in Marketing Management in May 2015 and an Advanced Certificate in Administrative and Management Skills in September 2015 from The Hong Kong Management Association.

Mr. Poon Yau Cheung (“**Mr. Poon**”)

*Senior project manager*

Mr. Poon, aged 43, joined the Group in 2008. He is currently the senior project manager of the Group. He is responsible for managing fitting-out and renovation projects. In May 2012, he was promoted to the position of project manager. He was further promoted to his current position in March 2018. He obtained a Bachelor of Science Degree in Engineering – Building Services from West Coast Institute of Management & Technology, Australia in December 2008 and a Bachelor of Science in Building Surveying from the Heriot-Watt University, the United Kingdom in June 2012 both through distance learning. In September 2015, he further obtained a Master of Science in Project Management from the Hong Kong Polytechnic University. Prior to joining the Group, he worked in Sanfield (Management) Ltd as an assistant land surveyor from September 2000 to June 2008.

Mr. Kwok Man Ho (“**Mr. Kwok**”)

*Financial manager*

Mr. Kwok, aged 45, joined the Group in 2016. He is the financial manager of the Group, responsible for managing financial and accounting matters. He obtained a Bachelor Degree in Business Administration from American Central University, United States of America in January 2007 and a Master Degree in Business Administration from Rochville University, United States of America in September 2008, both through distance learning. Mr. Kwok also obtained the Certificates of Accounting (3rd Level), Management Accounting (3rd Level) and Cost Accounting (3rd level) awarded by the London Chamber of Commerce and Industry since April 1999, January 2000 and April 2000, respectively. He has more than 25 years of experience in the accounting field.



Ms. Yim Sau Ping (“**Ms. Yim**”)

*Company secretary*

Ms. Yim, aged 38, joined the Group in 2016. She is currently the company secretary of the Company. She obtained a Bachelor of Arts Degree in Accountancy from The Hong Kong Polytechnic University in December 2007. She has been a member and a fellow member of the Hong Kong Institute of Certified Public Accountants since January 2010 and October 2017 respectively. She has accumulated more than 12 years of experience in accounting, auditing and financial management in international audit firm, financial institution and listed companies. Prior to joining the Group, she worked for Ngai Shun Holdings Limited (Stock Code: 1246, now known as Boill Healthcare Holdings Limited), a company listed on the Main Board of the Stock Exchange, as a company secretary from October 2014 to May 2015, and as a financial controller from October 2014 to August 2015. She also worked for JC Group Holdings Limited (now known as Tonking New Energy Group Holdings Limited) (Stock Code: 8326), a company listed on GEM, as a company secretary from November 2013 to December 2013, and as an accounting manager from April 2012 to December 2013. From October 2015 to May 2018, she worked for Jia Group Holdings Limited (Stock Code: 8519), a company listed on the GEM, as a company secretary. She has been a director of Blooming (HK) Business Limited, a company primarily engaged in corporate advisory and company secretarial services, since October 2015. She is currently the company secretary of seven companies listed on the Stock Exchange.

## **12. EXPENSES**

The estimated expenses in relation to the Rights Issue to be borne by the Company will amount to approximately HK\$2.24 million.

## **13. LEGAL EFFECT**

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

## **14. MISCELLANEOUS**

- (a) The English text of this Prospectus shall prevail over the Chinese text in case of inconsistency.
- (b) The company secretary of the Company is Ms. Yim Sau Ping, a member and a fellow member of the Hong Kong Institute of Certified Public Accountants.
- (c) The registered office of the Company is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands.

- (d) The business address of all Directors and senior management of the Company, the head office and principal place of business of the Company in Hong Kong is 21/F, Po Shau Centre, No. 115 How Ming Street, Kwun Tong, Kowloon, Hong Kong.

#### **15. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

A copy of each of the Prospectus Documents, and the written consent of the expert referred to in section headed “Expert’s Qualification and Consent” in this appendix have been delivered to the Registrar of Companies in Hong Kong for registration pursuant to section 342C of the Companies (WUMP) Ordinance.

#### **16. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the principal place of the business of the Company in Hong Kong at 21/F, Po Shau Centre, No. 115 How Ming Street, Kwun Tong, Kowloon, Hong Kong during normal business hours (9:30 a.m. to 5:30 p.m.) on any Business Day for a period of 14 days from the date of this Prospectus:

- (a) the amended and restated memorandum of association and articles of association of the Company;
- (b) the annual reports of the Company for the two financial years ended 31 March 2021;
- (c) the report on the unaudited pro forma financial information of the Group in respect of the Rights Issue from Asian Alliance (HK) CPA Limited as set out in Appendix II to this Prospectus;
- (d) the written consent referred to in the section headed “Expert Qualification and Consent” in this appendix; and
- (e) this Prospectus.