
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your securities in Chong Kin Group Holdings Limited (創建集團(控股)有限公司), you should at once hand this circular to the purchaser(s) or transferee(s) or to the licensed securities dealer or registered institution in securities or other agent through whom the sale(s) or transfer(s) was/were effected for transmission to the purchaser(s) or the transferee(s).

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



CHONG KIN GROUP HOLDINGS LIMITED

創建集團(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1609)

MAJOR TRANSACTION

**DISPOSAL OF THE NEVs AND LOGISTICS BUSINESS AND
THE FINANCE LEASING BUSINESS**

Capitalised terms used on this cover page have the same meaning as defined in the section headed “Definitions” in this circular, unless the context requires otherwise.

A letter from the Board is set out on pages 5 to 16 of this circular.

The Disposal has been approved by way of written shareholders’ approval pursuant to Rule 14.44 of the Listing Rules in lieu of a general meeting of the Company. This circular is being despatched to the Shareholders for information only.

21 January 2022

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	5
INTRODUCTION	5
THE SHARE PURCHASE AGREEMENT	6
FINANCIAL IMPACT OF THE DISPOSAL	10
USE OF PROCEEDS	11
INFORMATION ON THE COMPANY AND THE PURCHASER	11
INFORMATION ON THE STAND EAST GROUP	12
INFORMATION ON THE HUA YAO GROUP	13
REASONS FOR AND BENEFITS OF THE DISPOSAL	13
LISTING RULES IMPLICATIONS	15
RECOMMENDATION	16
ADDITIONAL INFORMATION	16
APPENDIX I — FINANCIAL INFORMATION OF THE GROUP	17
APPENDIX II — GENERAL INFORMATION	21

DEFINITIONS

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

“Blossom Field”	Blossom Field Trading Develop Limited (茂田貿易拓展有限公司), a limited company incorporated under the laws of Hong Kong and an indirect wholly-owned subsidiary of the Company
“Blossom Field Sale Shares”	10,000 shares of Blossom Field representing its entire issued share capital
“Board”	board of Directors
“BVI”	the British Virgin Islands
“China Golden”	China Golden Holdings Limited (中光集團有限公司), a limited company incorporated under the law of Hong Kong and a direct wholly-owned subsidiary of the Company
“Company”	Chong Kin Group Holdings Limited, a company incorporated under the laws of the Cayman Islands, the shares of which are listed on the Stock Exchange (stock code: 1609)
“Completion”	the completion of the Disposal pursuant to the terms and conditions of the Share Purchase Agreement
“Conditions”	the conditions to Completion under the Share Purchase Agreement
“Consideration”	the consideration payable by the Purchaser for the Stand East Sale Shares, the Stand East Shareholder’s Loan, the Hua Yao Sale Shares and the Hua Yao Shareholder’s Loan under the Share Purchase Agreement
“Directors”	the directors of the Company
“Disposal”	disposal of the Stand East Sale Shares and Hua Yao Sale Shares and assignment of the Stand East Shareholder’s Loan and the Hua Yao Shareholder’s Loan on and subject to the terms and conditions set out in the Share Purchase Agreement

DEFINITIONS

“Finance Leasing Business”	the provision of finance leasing services by the Group in the PRC
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Hua Yao Finance Lease”	華耀融資租賃(深圳)有限公司 (for identification purpose only, in English, Hua Yao Finance Lease (Shenzhen) Limited), a sino-foreign joint venture incorporated and existed under the laws of the PRC for which the Company effectively holds approximately 95% of its equity interest
“Hua Yao Group”	the group of companies comprising Blossom Field, Hua Yao Shenzhen and Hua Yao Finance Lease whose principal business is the Finance Leasing Business
“Hua Yao Sale Shares”	Blossom Field Sale Shares and Hua Yao Shenzhen Sale Interest
“Hua Yao Shareholder’s Loan”	amounts due from the Hua Yao Group to China Golden
“Hua Yao Shenzhen”	華耀實業(深圳)有限公司 (for identification purpose only, in English, Hua Yao Industrial (Shenzhen) Limited), a sino-foreign joint venture incorporated and existed under the laws of the PRC for which the Company indirectly holds 93.34% of its equity interest
“Hua Yao Shenzhen Sale Interest”	93.34% of the equity interest in Hua Yao Shenzhen
“Latest Practicable Date”	14 January 2022, being the latest practicable date prior to the printing of the circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 December 2021 or any other dates as agreed between the Company and the Purchaser

DEFINITIONS

“Mr. Zhang”	Zhang Yuwen (張瑜文), a natural person and the ultimate beneficial owner of the Purchaser
“NEVs”	new energy vehicles
“NEVs and Logistics Business”	the business involving sale of NEVs, leasing of NEVs and provision of logistics related services of the Group in the PRC
“PRC”	the People’s Republic of China
“Prestige Rich”	Prestige Rich Holdings Limited, a limited liability company incorporated under the BVI laws, for which Mr. Zhang Jinbing is its sole shareholder and sole director
“Profit Empire”	Profit Empire Investment Limited (君澤投資有限公司), a limited company incorporated under the laws of Hong Kong and an indirect wholly-owned subsidiary of the Company
“Purchaser”	TRIUMPH SYSTEM INCORPORATED, a company incorporated under the BVI laws, which is wholly-owned by Mr. Zhang
“Share Purchase Agreement”	a share purchase agreement dated 22 October 2021 entered into between the Company and the Purchaser in relation to the Disposal
“Share(s)”	ordinary share(s) of HK\$0.01 each of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stand East”	Stand East Investment Limited, a limited liability company incorporated under the BVI laws and a direct wholly-owned subsidiary of the Company
“Stand East Group”	the group of companies comprising Stand East, Profit Empire, Zhong Jun and its subsidiaries whose principal business is NEVs and Logistics Business
“Stand East Sale Shares”	two shares of Stand East representing its entire issued share capital
“Stand East Shareholder’s Loan”	amounts due from the Stand East Group to the Company

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhong Jun”	中軍凱旋汽車租賃公司 (for identification purpose only, in English, Zhong Jun Kai Xuan Automotive Leasing Company), a wholly foreign-owned enterprise incorporated and existed under the laws of the PRC and an indirect non wholly-owned subsidiary of the Company for which the Company effectively holds 90% of its equity interest
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

LETTER FROM THE BOARD



CHONG KIN GROUP HOLDINGS LIMITED
創建集團(控股)有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1609)

Executive Directors:

Mr. Zhang Jinbing (*Chairman*)
Mr. Qiu Peiyuan
Mr. Leung Chi Kwong, Joe

Independent Non-executive Directors:

Mr. Tam Ping Kuen, Daniel
Dr. Li Yifei
Ms. Chen Weijie

Registered office:

Windward 3
Regatta Office Park
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

*Headquarters and principal place of
business in Hong Kong:*

Room 6808, 68th Floor
Central Plaza
18 Harbour Road
Wanchai
Hong Kong

21 January 2022

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

**DISPOSAL OF THE NEVs AND LOGISTICS BUSINESS AND
THE FINANCE LEASING BUSINESS**

Reference is made to the announcement of the Company dated 22 October 2021.

INTRODUCTION

On 22 October 2021, after trading hours, the Company entered into the Share Purchase Agreement with the Purchaser, pursuant to which (i) the Company conditionally agreed to sell

LETTER FROM THE BOARD

and the Purchaser conditionally agreed to purchase the Stand East Sale Shares and the Stand East Shareholder's Loan; and (ii) the Company conditionally agreed to procure China Golden, its direct wholly-owned subsidiary to sell, and the Purchaser conditionally agreed to purchase the Hua Yao Sale Shares and the Hua Yao Shareholder's Loan, at a total Consideration of HK\$180,000,000.

The purposes of this circular are to provide you with further details of the Disposal, including the financial and general information of the Group.

THE SHARE PURCHASE AGREEMENT

Date

22 October 2021

Parties

- (1) The Company; and
- (2) the Purchaser.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, (i) the ultimate beneficial owner of the Purchaser is Mr. Zhang Yuwen; and (ii) the Purchaser and its ultimate beneficial owner are third parties independent of the Company and connected persons of the Company.

Interests to be disposed of

- (1) The Stand East Sale Shares (effectively hold 90% of the equity interest in Zhong Jun) and the Stand East Shareholder's Loan; and
- (2) the Hua Yao Sale Shares (effectively hold approximately 95% of the equity interest in Hua Yao Finance Lease) and the Hua Yao Shareholder's Loan.

Consideration

The Consideration is in the sum of HK\$180,000,000 paid by the Purchaser to the Company by way of cash in the following manner:

- (1) HK\$20,000,000 being the non-refundable deposit to the Company paid on 29 October 2021; and
- (2) HK\$160,000,000 paid to the Company payable upon Completion on 4 November 2021.

LETTER FROM THE BOARD

Basis of consideration

The Consideration was determined after arm's length negotiations between the Company and the Purchaser with reference to (i) the unaudited net liabilities of the Stand East Group of approximately HK\$7,827,000 as at 31 August 2021, with downward adjustment of approximately HK\$17,040,000 for the decrease in the market value of the NEVs owned by the Stand East Group as appraised by Vision Appraisal and Consulting Limited, an independent valuer, at approximately HK\$26,000,000 as at 31 August 2021, from the carrying value of such NEVs of approximately HK\$43,040,000 as at 31 August 2021 in the book of the Stand East Group. The market value of such NEVs was appraised based on the historical NEVs disposal transactions of the Stand East Group; (ii) the unaudited net asset value of the Hua Yao Group of approximately HK\$10,511,000 as at 31 August 2021; and (iii) the amounts of the Stand East Shareholder's Loan of approximately HK\$166,135,000 and the Hua Yao Shareholder's Loan of approximately HK\$58,495,000 as at 31 August 2021.

The Consideration represents a discount of approximately 20.8% to the aggregate amount of the net asset value of the Stand East Group and the Hua Yao Group and the Stand East Shareholder's Loan and the Hua Yao Shareholder's Loan of approximately HK\$227.3 million.

As disclosed in the annual report of the Company for the year ended 31 March 2021, the NEV and Logistics business in the Mainland China had been facing downward pressure caused by macroeconomic performance that affecting the domestic economy and creating challenges such as structural adjustments and increase in costs. The Group therefore decided to cease purchasing NEVs for sales purpose in considering the impact of COVID-19 outbreak and the change in government financial support policies of NEVs in the Mainland China. Further as disclosed in the announcement dated 20 October 2020 of the Company, the Company engaged an independent external valuer to perform the goodwill impairment review (the "Review") on the Stand East Group in the financial year ended 31 March 2020. The Review was based on the value-in-use calculation of the NEV and Logistics business operated by the indirect non wholly-owned subsidiary of Stand East (the "CGU") using cash flow projections covering a period of five years, impairment loss occurs when the recoverable amount is below the carrying value. The major revenue streams of the CGU included in the cash flow projections comprising (i) the sales of NEVs; (ii) the provision for logistics related services; and (iii) the NEV leasing services. Based on the Review, the recoverable amount of the CGU is below its carrying value, as such, a significant impairment loss on goodwill in the sum of approximately HK\$119,459,000 was recognised for the year ended 31 March 2021.

Accordingly, the Directors considered that the NEVs and Logistics Business and the Finance Leasing Business had been loss making and the prospects of the NEVs and Logistics Business and the Finance Leasing Business to turnaround for profit in the near future may not be promising, which is further discussed in the section headed "Reasons for and benefits of the Disposal" below. The Directors consider that the Disposal represents an opportunity for the Group to realise its loss making investment, the loss recognised by the Group in relation to the Disposal is approximately HK\$67,123,000 as further discussed in the section headed "Financial impact of the Disposal" below. Having considered the Group would be able to receive net cash

LETTER FROM THE BOARD

proceed of approximately HK\$179,188,000 for the continued development of the Group's business, in particular the existing concrete placing business, the Directors are of the view that, on balance, the consideration for the Disposal is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions

Completion of the Disposal is conditional upon the following Conditions being fulfilled and remaining satisfied as at Completion:

- (i) all approvals, consents, authorisations and licences (so far as are necessary) in relation to the transactions contemplated under the Share Purchase Agreement having been obtained from the relevant governmental and regulatory authorities;
- (ii) the necessary approval by the Shareholders for the Share Purchase Agreement and the transactions contemplated thereunder in compliance with the Listing Rules having been obtained;
- (iii) the Purchaser being satisfied, from the date of the Share Purchase Agreement to Completion, there has not been any material adverse change in respect of the Stand East Group and the Hua Yao Group; and
- (iv) the representation, warranties and/or undertakings given by the Company under the Share Purchase Agreement remaining true, accurate and not misleading.

Save and except for Conditions (i) and (ii) which are not waivable, the Purchaser may at its absolute discretion at any time waive in writing any of the Conditions specified. If all the Conditions have not been satisfied or waived (as the case may be) by 5:00 p.m. on the Long Stop Date, the Share Purchase Agreement shall be terminated and the Company shall be entitled to keep the non-refundable deposit in the sum of HK\$20,000,000 paid by the Purchaser, upon which all obligations of the parties shall cease and determine and none of the parties shall have any claim against the other save for any antecedent breach of any obligation under the Share Purchase Agreement.

As at the Latest Practicable Date, all the Conditions have been fulfilled.

As at the Latest Practicable Date, as the Company has obtained the written Shareholder's approval from Mr. Zhang Jinbing and Prestige Rich as further detailed in the section headed "Listing Rules implications" below, Condition (ii) has been fulfilled.

Completion

Completion of the Share Purchase Agreement and the transaction contemplated therein took place on 4 November 2021 (the "**Completion Date**").

LETTER FROM THE BOARD

Consideration Shares issued to the vendors of the Stand East and investors of Stand East Group at its acquisition in October 2018

According to Company's announcements in relation to the acquisition of Stand East Group published during June and October 2018, the Company issued a total of 152.96 million consideration shares (the "**Consideration Shares**") to settle the consideration in relation to the acquisition, which had been held in escrow when issued and allotted and shall only be released to the vendors and/or investors of the Stand East Group if the net profit in the sum of a HK\$20,000,000 per year has met the profit guarantee (the "**Profit Guarantee**") by Stand East Group for the financial year ended 31 December 2019, 2020 and 2021.

Since the Stand East Group had met the Profit Guarantee for the financial year ended 31 December 2019, 50,986,666 Consideration Shares had been released to the vendor of the Stand East Group. According to the consolidated financial statements of Stand East Group for the financial year ended 31 December 2020, significant loss of approximately RMB21.8 million (equivalent to approximately HK\$26.2 million) has incurred and Stand East Group had not met the Profit Guarantee for financial year ended 31 December 2020. As such, the Company has not released the relevant 50,986,666 Consideration Shares (the "**2020 Consideration Shares**") to the vendors and the investors of the Stand East Group, which have been subject to escrow arrangement, unless the Company is compensated according to the formula as set out below:

$$\text{Amount of compensation (HK\$)} = (\text{HK\$20,000,000} - \text{Actual Net Profits}) \times 22.944$$

Since the amount of compensation equalled the consideration paid by the Group in its acquisition of Stand East Group, the Company considers that such an arrangement was fair and reasonable and in the interests of the Company and the shareholders as a whole.

As at the Latest Practicable Date, the Company had yet to receive any compensation from the vendors or the investors of the Stand East Group and that the 2020 Consideration Shares had still been held in escrow. Such Consideration Shares will either be sold with sale proceeds or be repurchased by the Company and cancelled, in such way(s) as permissible by the applicable laws, the Listing Rules and The Codes on Takeovers and Mergers and Share Buy-backs with no cash or other distribution made to the vendors or the investors of the Stand East Group. The Company is still assessing the appropriate way of treatment for the 2020 Consideration Shares with reference to (i) the financial needs for the operations of the Group; (ii) the prevailing market price of the Shares; and (iii) the liquidity of the Shares on the market (collectively, the "**Factors**").

LETTER FROM THE BOARD

Given the deteriorating financial performance of the Stand East Group as mentioned in the section headed “Reasons for and benefits of the Disposal”, it is expected that Stand East Group will not be able to meet the Profit Guarantee for the financial year ended 31 December 2021. The Company would only release the remaining 50,986,668 Consideration Shares (the “**2021 Consideration Shares**”) or any part of them to the vendors and the investors of the Stand East Group if the Company shall be compensated fully according to the above formula, failing which the Company will assess the appropriate way of treatment for the 2021 Consideration Shares with reference to the Factors. The Company will make further announcement(s) relating to the position of the Profit Guarantee for the year ended 31 December 2021 and the treatment of the 2020 Consideration Shares and the 2021 Consideration Shares as and when appropriate.

FINANCIAL IMPACT OF THE DISPOSAL

Earnings

With reference to (i) the unaudited net liabilities attributable to shareholder of the Stand East Group of approximately HK\$8,803,000 and the Stand East Shareholder’s Loan of approximately HK\$166,135,000 as at the Completion Date; (ii) the unaudited carrying amount of the goodwill arose from the acquisition of the Stand East Group of approximately HK\$20,112,000 as at the Completion Date; and (iii) the unaudited net assets attributable to shareholders of the Hua Yao Group of approximately HK\$10,372,000 and the Hua Yao Shareholder’s Loan of approximately HK\$58,495,000 as at the Completion Date, the net loss from the Disposal is approximately HK\$67,123,000 after deducting expenses in relation to the Disposal in the sum of approximately HK\$812,000, where the amounts are subject to be audited for the financial year ending 31 March 2022.

Assets and liabilities

Upon Completion, the Stand East Group and the Hua Yao Group shall cease to be the subsidiaries of the Company and the financial results, assets and liabilities of the Stand East Group and the Hua Yao Group will no longer be included in the consolidated financial statements of the Company.

The total net loss in relation to the Disposal is HK\$67,123,000 to the Group, the consolidated net liabilities of the Group is expected to decrease by the corresponding amount upon Completion. On this basis, the consolidated total assets of the Group is decreased by approximately HK\$53.9 million and the consolidated total liabilities of the Group is decreased by approximately HK\$31.5 million upon Completion.

LETTER FROM THE BOARD

USE OF PROCEEDS

Use of Net Proceeds	Planned use of proceeds HK\$'000	Actual use of proceeds from the completion date to the Latest Practicable Date HK\$'000	Unused amount HK\$'000	Expected timeline for utilising the remaining net proceeds (Note 1)
The Disposal				
Concrete Business (Note 2)	100,000	(100,000)	–	End of year 2022
Potential investment and future opportunities (Note 3)	45,000	–	45,000	End of year 2022
General working capital (Note 4)	34,188	–	34,188	End of year 2022
	179,188	(100,000)	79,188	

Notes:

1. The expected timeline for utilising the remaining net proceeds is based on the best estimation of the Company taking into account, among others, prevailing and future market conditions and business development and needs, and therefore is subject to change.
2. As at the Latest Practicable Date, the Group has signed up twelve construction projects and awarded with additional four construction projects. In addition, the Group has submitted tenders for another twelve construction projects. The Group will explore opportunities to expand value-added services for the Group's Concrete Business. As such, HK\$100 million out of the net proceeds of the Disposal is planned for the above said expansion and development of Concrete Business, which involving increase in acquiring construction materials, hiring direct labour and leasing of machineries and equipment.
3. As at the Latest Practicable Date, the Group had yet to identify any potential investment and future opportunities.
4. General working capital of the Group mainly include corporate staff cost, legal and professional fee, office supplies and corporate expenditures.

INFORMATION ON THE COMPANY AND THE PURCHASER

The Company

The Company is an investment holding company incorporated in the Cayman Islands with limited liability. The Group is principally engaged in operating segments of (i) provision of concrete placing and other ancillary services as a subcontractor for both public and private sector projects, including building and infrastructure related projects; (ii) provision of the NEVs and Logistics Business; (iii) provision of the Finance Leasing Business; (iv) provision of

LETTER FROM THE BOARD

remittances and foreign currency exchange services in United Kingdom and provision of loan finance business in Hong Kong; and (v) real estate development in Grenada.

Following the Completion, the Group shall cease to be engaged in the provision of the NEVs and Logistics Business and the Finance Leasing Business.

China Golden

China Golden is a limited company incorporated under the laws of Hong Kong and a direct wholly-owned subsidiary of the Company. It holds a money lender licence issued under Money Lender Ordinance (Cap. 163), laws of Hong Kong and carries out the business of money lending in Hong Kong.

The Purchaser

The Purchaser is an investment holding company incorporated under the laws of BVI. The ultimate beneficial owner of the Purchaser has extensive experience in investment and business management in the PRC.

INFORMATION ON THE STAND EAST GROUP

The Stand East Group is principally engaged in the NEVs and Logistics Business which comprises (i) sale of NEVs; (ii) leasing of NEVs; and (iii) provision of logistics related services.

A summary of the unaudited consolidated financial information of the Stand East Group prepared in accordance with HKFRS for the two years ended 31 March 2020 and 31 March 2021 is set out below:

	For the year ended	
	31 March	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss)/profit before taxation	(98,278)	23,812
(Loss)/profit after taxation	(95,153)	17,858

During the years ended 31 March 2020 and 2021, the Group recorded impairment loss on goodwill arose from the acquisition of the Stand East Group of approximately HK\$254.6 million and HK\$119.5 million respectively.

As at 31 August 2021, the unaudited consolidated net liabilities attributable to shareholders of the Stand East Group were approximately HK\$7,827,000, and the Stand East Shareholder's Loan was in the approximate sum of HK\$166,135,000.

LETTER FROM THE BOARD

INFORMATION ON THE HUA YAO GROUP

The Hua Yao Group is principally engaged in the Finance Leasing Business which involves the provision of finance leasing services in the PRC for customers of NEVs from the Stand East Group and other third parties.

A summary of the unaudited combined financial information of the Hua Yao Group prepared in accordance with HKFRS for the two years ended 31 March 2020 and 31 March 2021 is set out below:

	For the year ended	
	31 March	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss)/profit before taxation	(22,859)	1,511
(Loss)/profit after taxation	(22,912)	1,482

As at 31 August 2021, the unaudited combined net assets attributable to shareholders of the Hua Yao Group were approximately HK\$10,511,000, and the Hua Yao Shareholder's Loan was in the approximate sum of HK\$58,495,000.

REASONS FOR AND BENEFITS OF THE DISPOSAL

Due to the adverse effect brought by the changes in government policies in 2019 and 2020 whereby government subsidies on NEVs purchase was reduced, resulting in an increase in purchase price of NEVs in 2018, the Company has made a prudent move to downsize the NEVs sales business by running off the then existing inventory on hand and not stocking up new supplies, to await the business environment of the NEVs market more settled in for the new government policies.

As disclosed in the announcement of the Company dated 20 October 2021, the central and local government policies relate to purchase subsidies on NEV have a material impact on the strategy decisions of the Stand East Group. According to the notices on 《關於完善新能源汽車推廣應用財政補貼政策》的通知－財建[2020]86號 (in English, for identification purpose only, “Notice on Improvement of Subsidy Policy for Promotion and Application of New Energy Vehicles” Caijian (2020) No. 86) which was published on 23 April 2020 (the “**2020 Policy**”) and 《關於進一步完善新能源汽車推廣應用財政補貼政策》的通知－財建[2019]138號 (in English, for identification purpose only, “Notice on Further Improvement of Subsidy Policy for Promotion and Application of New Energy Vehicles” Caijian (2019) No. 38) which was published on 27 March 2019 (the “**2019 Policy**”), when compared to 《新能源汽車推廣補貼方案及產品技術要求》－財建[2018]18號 (in English, for identification purpose only, “Proposal for Subsidy of New Energy Vehicles and Product Technical Requirements” Caijian (2018) No. 18), the purchase subsidies are not as favourable to the end users and the Stand East Group as before. The 2019 Policy indicates that the intention of the government in gradually reducing the purchase subsidies in qualitative terms. The 2020 Policy sets out in quantitative terms as to the reduction in the purchase subsidiaries and capped the number of the vehicles that were able to obtain the purchase subsidies.

LETTER FROM THE BOARD

Under the Subsidy Standard section of the 深圳市發展和改革委員會關於印發《深圳市2019–2020年新能源汽車推廣應用財政補貼實施細則》的通知 (in English, for identification purpose only, “Notice Published by Shenzhen Municipal Development and Reform Commission on Printing and Distribution of 2019 and 2020 Implementation Rules for Promotion and Application of Subsidy for New Energy Vehicles”) which is a local policy in Shenzhen following the 2019 Policy, the top applicable purchase subsidies equals to 50% of the 2018 standard for NEVs registered after 1 January 2019, and the applicable purchase subsidies is reducing gradually and that no subsidies is available for NEVs registered after 7 August 2019.

The consequences of the 2019 Policy and the 2020 Policy are the decrease in purchase subsidies for selling NEVs, which means the car makers would no longer be able to enjoy the compensation for production costs, as the result, the purchase price is anticipated to increase, the gross margin would decrease as the Stand East Group would not be able to push up selling price and sales volume under the then economic condition. The NEVs sold by the Stand East Group for the financial year ended 31 March 2019 were purchased in 2018 and the carmakers had offered discounts to the Stand East Group by taking into account the purchase subsidies at the time the Stand East Group made the bulk purchase.

It was estimated that the purchase price would increase by 33.4% or above for similar models that the Stand East Group purchased in 2018 after the implementation of the 2019 Policy and the 2020 Policy, such an increase includes the change in the value add tax rate from 16% to 13% since April 2019 and the slightly adjustment in the vehicle functions, however the elimination of the purchase subsidies had the most significant effect on the increase in the purchase price.

The Finance Leasing Business has commenced its business since April 2019. Due to delay and certain default in the repayment of interests from the lessees, the revenue of the Finance Leasing Business was affected. In view of COVID-19 outbreak, many of the lessees could not operate the delivery business in the Mainland China and have no mean to repay the interests and the loan, the Finance Leasing Business had recognised provision for impairment on finance lease receivables was approximately HK\$37,304,000 as at 31 March 2021.

During the financial year ended 31 March 2021, the aggregate revenue generated by the Stand East Group and the Hua Yao Group decreased significantly by approximately 84.8% from HK\$379.4 million to HK\$57.7 million, which was primarily attributable to the significant drop of revenue from sales of NEVs. The significant decrease was mainly due to the down scale of the NEV sales measures adopted by the Stand East Group in response to the adverse effect brought by the change in government policies as illustrated above, the trade disputes between China and the United States and the COVID-19 outbreak. In the financial years ended 31 March 2019, 31 March 2020 and 31 March 2021, the NEVs and Logistics Business and the Finance Leasing Business had recorded segment losses which comprised the operating results and the impairment loss on goodwill.

LETTER FROM THE BOARD

At the time of acquisition of the Stand East Group in late 2018, those factors causing the downturn of the NEVs and Logistics Business including the change in government policies on the subsidies of the NEVs, the trade disputes between China and the United States which had affected the macroeconomics and general market sentiment in China and the COVID-19 outbreak were out of anticipation of the Company. In view of those factors which would cause adverse effects on the operation of the NEVs and Logistics Business, the Directors anticipate that the financial performance of the NEVs and Logistics Business and the Finance Leasing Business will remain difficult in the near future amid the macroeconomic business situations, accordingly, the prospect of the NEVs and Logistics Business and the Finance Leasing Business to turnaround for profit in the near future may not be promising. In view of these, the Directors consider that it is in the interests of the Company and the Shareholders to dispose of the loss-making businesses. Following the Completion, the Company will allocate resources on the continuous development of the Company's existing principal business, in particular the concrete placing business.

The Directors are of the view that the terms of the Share Purchase Agreement and the transactions contemplated thereunder are fair and reasonable and the Disposal is in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Disposal are more than 25% but all are below 75%, the Disposal constitutes a major transaction of the Company and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, a written Shareholders' approval may be accepted in lieu of holding a general meeting to approve the Share Purchase Agreement and the transactions contemplated thereunder on the conditions that (i) no Shareholder is required to abstain from voting if a general meeting of the Company is held to approve the Share Purchase Agreement and the transactions contemplated thereunder; and (ii) approval has been given by a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the Shares in issue giving the right to vote at general meetings to approve the Share Purchase Agreement and the transactions contemplated thereunder.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder or any of its associates have any material interest in the Share Purchase Agreement and the transactions contemplated thereunder and thus none of the Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Share Purchase Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

On 22 October 2021, Mr. Zhang Jinbing by himself and through Prestige Rich holds an aggregate of 633,600,000 Shares, representing 57.84% of the issued share capital of the Company, has given the written Shareholders' approval for the Share Purchase Agreement and the Disposal pursuant to Rule 14.44 of the Listing Rules and such written approval is accepted in lieu of holding a general meeting. As a result, no extraordinary general meeting will be convened for the Company for the purpose of approving the Share Purchase Agreement and the transactions contemplated thereunder.

RECOMMENDATION

The Board considers that the terms of the Share Purchase Agreement are fair and reasonable and are on normal commercial terms and in the interest of the Company and the Shareholders as a whole. If a general meeting were to be convened, the Directors would recommend the Shareholders to vote in favour of the resolutions in relation to the Disposal.

ADDITIONAL INFORMATION

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

Yours faithfully,
By Order of the Board
Chong Kin Group Holdings Limited
Zhang Jinbing
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for the three financial years ended 31 March 2019, 31 March 2020 and 31 March 2021 and the unaudited consolidated financial statement of the Group for the period ended 30 September 2021 are disclosed in the following annual reports and interim report for the period ended 30 September 2021, of the Company published on both the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.chongkin.com.hk>):

- (1) Annual report of the Company for the year ended 31 March 2019 (pages 58–134):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0725/ltn20190725253.pdf>
- (2) Annual report of the Company for the year ended 31 March 2020 (pages 65–148):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0727/2020072700728.pdf>
- (3) Annual report of the Company for the year ended 31 March 2021 (pages 61–155):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0730/2021073000579.pdf>
- (4) Interim report of the Company for the period ended 30 September 2021 (pages 11–38):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/1214/2021121400634.pdf>

2. WORKING CAPITAL

The Directors are of the opinion that, after taking into account of (i) its present internal financial resources available to the Group; and (ii) the net proceeds in the approximate sum of HK\$179,188,000 in relation to the Disposal and in the absence of unforeseen circumstances, the Group will have sufficient working capital, for its present requirements for at least the next 12 months from the date of this circular.

3. INDEBTEDNESS

At the close of business on 31 December 2021, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the indebtedness of the Group is analysed as follows:

Debt instruments

As at the close of business on 31 December 2021, the Group had no existing banking or credit facilities, borrowings and outstanding convertible notes.

Commitments

As at the close of business on 31 December 2021, the Group had no material capital commitment.

Contingent liabilities

The Group, in the ordinary course of its business, is involved in various claims, suits, investigations, and legal proceedings that arise from time to time. Although the Group does not expect that the outcome in any of these legal proceedings, individually or collectively, will have a material adverse effect on its financial position or results of operations, litigation is inherently unpredictable. Therefore, the Group could be subject to judgements or enter into settlements of claims that could adversely affect its operating results or cash flows in a particular period. As at 31 December 2021, the Group did not have any contingent liabilities.

Lease obligation

As at 31 December 2021, the Group's total lease liabilities recognised under HKFRS 16 under non-cancellable operating leases contracts is approximately HK\$8,088,000.

Apart from as disclosed above and intra-group liabilities, the Group did not have any debt securities authorised or created but unissued, issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guaranteed, unguaranteed, secured or unsecured borrowings or debt, or other material contingent liabilities as at the Latest Practicable Date.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP FOLLOWING THE DISPOSAL

The Group is principally engaged in operating segments of (i) provision of concrete placing and other ancillary services as a subcontractor for both public and private sector projects, including building and infrastructure related projects; (ii) provision of the NEVs and Logistics Business; (iii) provision of the Finance Leasing Business; (iv) provision of remittances and foreign currency exchange services in United Kingdom and provision of loan finance business in Hong Kong; and (v) real estate development in Grenada.

Immediately following the Completion, the Company ceases to provide the NEVs and Logistics Business and the Finance Leasing Business.

On 26 November 2021 (Hong Kong time), the Government of Grenada as Vendor and Hartman Education Enterprise Ltd ("**Hartman Education**"), a limited liability company incorporated under the laws of Grenada and an indirect wholly-owned subsidiary of the Company as Purchaser entered into an agreement dated 26 November 2021 (Hong Kong time) under which the parties mutually agree to terminate the sale and purchase agreement dated 14 January 2021 (the "**SPA**") entered into between the parties in relation to the acquisition of the parcel of land situated at Mt. Hartman in the parish of Saint George in the State of Grenada containing by admeasurement 148 acres and that the Government of Grenada shall return the consideration in the sum of US\$20,000,000 (equivalent to approximately HK\$156,000,000) to

Hartman Education in or around the first quarter of 2022. Following the termination of the SPA on 26 November 2021, the Company ceased to carry out the business of the real estate development in Grenada.

On 17 December 2021, the Company has disposed of Newport Services (UK) Limited (“**Newport**”), a wholly-owned subsidiary of the Company, to a third party independent of the Company and its connected persons at a consideration of GBP1.1 million (approximately HK\$11.0 million) (“**Newport Disposal**”). Newport is principally engaged in the provision of cross border payment and money exchange services in the United Kingdom. Since then, the Company ceased to carry out the business of the provision of cross border payment and money exchange services in the United Kingdom.

The Company shall continue to carry out the concrete placing business and loan finance business in Hong Kong.

During the first half of 2021, it is considered that it would be more cost effective for concrete placing business of the Group to manage the profit margin of the projects by leasing the equipment and engaged construction related manpower on a daily rate basis. The Company has approached some companies which provide rental service of concrete placing machinery for leasing machinery and equipment to the Group once new projects commence. As at the Latest Practicable Date, Chong Kin Construction Engineering Limited, a direct wholly-owned subsidiary of the Company, has signed up twelve construction projects (which include four projects in the public sector) and has been awarded additional four construction projects, with a total contract sum of approximately HK\$528.5 million. 14 projects have already commenced work and generated revenue for the Group during the first half of 2021.

As at the Latest Practicable Date, the Group had also submitted tenders for ten construction projects. The Group has been also in active discussions with various main contractors with a view to entering into more construction projects in the foreseeable future. The Group will continue to utilise its resources to actively provide concrete-related work to the public and private sectors in Hong Kong. The Group will also explore opportunities to expand value-added services for other concrete-related projects and continue to optimise the operating model of the Group’s concrete placing business.

The loan finance business of the Group in Hong Kong continues to generate stable income for the Group with a revenue of HK\$4,000,000 for the period ended 30 September 2021 and HK\$5,134,000 for the year ended 31 March 2021.

5. MATERIAL CHANGE

Save as disclosed in this circular, the Directors are not aware of any material adverse change to the financial or trading position of the Group since 31 March 2021, being the date to which the latest published audited financial statements of the Company were made up, and up to and including the Latest Practicable Date.

6. UPDATE ON DECISION OF LISTING REVIEW COMMITTEE

As disclosed in the announcement dated 5 September 2021, the Listing Committee had, in a review hearing held on 24 August 2021 (the “**Review Decision**”), uphold the decision by Stock Exchange that although there is no change in control over the past 36 months, the Company’s principal business has been changed to the provision of logistics related services including new energy vehicle sales and leasing, road freight transportation and the provision of finance leasing services of its new energy vehicles (the “**NEV and Logistics and Finance Leasing Business**”) after the disposal of Chong Kin Group Limited by the Company to the former controlling shareholder of the Company in January 2021 and all of which took place within 27 months. Further, the NEV and Logistics and Finance Leasing Business did not meet the new listing requirements under Rule 8.05 of the Listing Rules. The Stock Exchange considers that the disposal of Chong Kin Group Limited was part of a series of transactions and arrangements which constituted an attempt to achieve the listing of the NEV and Logistics and Finance Leasing Business and a means to circumvent the new listing requirements under Chapter 8 of the Listing Rules. Therefore, the disposal of Chong Kin Group Limited, the acquisitions of the NEV and Logistics and Finance Leasing Business by the Company in October 2018 and April 2019 and the related acquisition of a total of 1,847 new energy vehicles in December 2018 should be treated as if they were one transaction and constitute a reverse takeover under Rule 14.06B of the Listing Rules. On 15 June 2021, the Company submitted a written request for the Decision to be referred to the Listing Committee of the Stock Exchange for review pursuant to the Listing Rules. On 3 September 2021, the Listing Committee issued a decision (the “**LC Decision**”) to the Company informing the Company that it upheld the Decision. On 13 September 2021, the Company submitted a request for the LC Decision to be referred to the Listing Review Committee (the “**Review Committee**”) for review pursuant to Rule 2B.06(2) of the Listing Rules.

On 10 November 2021, the Review Committee conducted the review hearing, upon the application of the Company, to review the LC Decision set out in its letter dated 5 September 2021. Please refer to the Company’s announcement dated 5 September 2021 for details of the LC Decision.

On 1 December 2021, the Company received a letter from the Review Committee setting out its decision. Having carefully considered all the facts and evidence, and all the submissions (written and oral) presented by the Company and the Listing Division, the Review Committee decided that the Company’s situation is materially different from its position at the time of the LC Decision and that it would be appropriate to first have a considered decision of the Listing Committee in respect of the changed circumstances, before the Review Committee makes any conclusive and binding decision on its review. The Review Committee therefore exercised its discretion to remit the matter back to the Listing Committee for a rehearing on an expedited basis. For details, please refer to the announcements dated 5 September 2021, 13 September 2021 and 1 December 2021 of the Company.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

Directors' interests in Shares

As at the Latest Practicable Date, the Director and the chief executive officer of the Company had the following interests and short positions 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 were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or, chief executive of the Company was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange:

Name of Director	Capacity/Nature	Number of Shares held/ interested in	Percentage of shareholding
Mr. Zhang Jinbing	Interests in controlled corporation (<i>Note 1</i>)	609,100,000	55.61%
	Beneficial owner	<u>24,500,000</u>	<u>2.24%</u>
	Total:	633,600,000	57.54%
Mr. Ma Chao	Interests in controlled corporation (<i>Note 2</i>)	21,860,781	2.00%
Mr. Qiu Peiyuan	Interests in controlled corporation (<i>Note 3</i>)	38,300,000	3.50%
Dr. Li Yifei	Beneficial owner (<i>Note 4</i>)	200,000	0.19%

Notes:

- (1) The 609,100,000 Shares are held by Prestige Rich. Mr. Zhang Jinbing beneficially owns the entire issued share capital of Prestige Rich, which in turn beneficially owns 56% of the shareholding in the Company. Mr. Zhang Jinbing is the Chairman and executive Director of the Company and the chairman of the Nomination Committee and the Risk Management Committee. Mr. Zhang Jinbing is also a director of Prestige Rich.
- (2) The 21,860,781 Shares are held by JLB Capital Limited which is solely owned by Mr. Ma Chao (“**Mr. Ma**”), Mr. Ma resigned as the co-Chairman and Chief Executive Officer of the Company on 29 November 2021.
- (3) The 38,300,000 Shares are held by Fortune Box International Limited which Mr. Qiu Peiyuan (“**Mr. Qiu**”) has control. Mr. Qiu is an executive Director of the Company.
- (4) Dr. Li Yifei is an independent non-executive Director of the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had any interests or short positions in the Shares, underlying Shares and/or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or chief executive of the Company was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS

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, the following persons (not being a Director or chief executive of the Company) had interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of the Company:

Name of Shareholder	Capacity	Number of Shares held (long position)	Aggregate number of Shares held	Approximate percentage of interest
Prestige Rich	Beneficial owner (<i>Note</i>)	609,100,000	609,100,000	55.60%
Prosperous East International Limited	Beneficial owner	99,424,000	99,424,000	9.08%

Note: 609,100,000 Shares are registered in the name of and beneficially owned by Prestige Rich, for which is Mr. Zhang is the sole beneficial owner and sole director. Therefore, Mr. Zhang is deemed, or taken to be, interested in all the Shares held by the Prestige Rich for the purposes of the SFO.

Save as disclosed above, 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, the Directors were not aware of any other persons (not being a Director or chief executive of the Company) had interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at a general meeting of the Company.

4. LITIGATION

As at the Latest Practicable Date, the Company received a statutory demand (the “SD”) dated 4 May 2020 from the purported creditor, requiring Stand East, to pay alleged aggregate amount of HK\$94,047,123 (the “**Alleged Debt**”). The alleged outstanding debt referred to in the SD is a loan of HK\$60 million purportedly borrowed by Stand East under a loan agreement dated 1 December 2017 plus interest on the said principal sum allegedly. The Alleged Debt predated the acquisition of the entire issued share capital of Stand East from Prosperous East international Limited on 12 June 2018. As only Stand East is a party to the SD and that the Alleged Debt belongs to Stand East only for which the Company ceased to have any interest upon Completion on 4 November 2021, upon Completion, the Alleged Debt did not have any impact to the Company.

Save as above disclosed, neither the Company nor any of its subsidiaries was engaged in any litigation or claims of material importance and, so far as the Directors are aware, there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

5. DIRECTORS’ SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing and proposed service contracts with any members of the Group other than contracts expiring or determinable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation).

6. DIRECTORS’ INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

7. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 March 2021 (being the date to which the latest published audited accounts of the Group were made up), (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any member of the Group.

8. MATERIAL CONTRACTS

The following contracts, not being contracts in the ordinary course of business carried on as intended to be carried on by the Group, were entered into by the Group within two years immediately preceding the date of this circular which are or may be material:

- (a) the conditional share purchase agreement dated 6 August 2020 (the “**Well Agreement**”) and entered into among the Company, GLAM Capital Group Company Limited (港利資本控股有限公司) (“**GLAM**”) and Mr. Yeung Wan Yiu (楊雲耀), Mr. Hong Ching Wei (洪清偉), and Mr. Fok Kenny Tsz Chun (霍子俊) as guarantors on a joint and several basis in respect of the purchase of the issued one ordinary share in the share capital of Grand Well Ventures Limited (宏康創投有限公司) (“**Grand Well**”) legally and beneficially owned and held by and registered in the name of GLAM, representing the entire issued share capital of the Grand Well at a consideration of HK\$112,000,000;
- (b) subscription agreements dated 6 December 2020 or 7 December 2020 entered into between the Company and the subscribers under which the said subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 109,726,000 Shares at HK\$2.3 per Share;
- (c) a termination agreement dated 16 December 2020 entered into between the Company, Grand Well in relation to the termination of the Grand Well Agreement;
- (d) a sale and purchase agreement dated 14 January 2021 entered into between Hartman Education Enterprise Ltd, an indirect wholly-owned subsidiary of the Company as purchaser and The Government of Grenada as vendor in relation to the acquisition of one parcel of land situate at Mt. Hartman in the parish of Saint George in the State of Grenada containing by admeasurement 148 acres at a consideration of US\$20,000,000 (equivalent to approximately HK\$156,000,000);

- (e) a sale and purchase agreement dated 21 January 2021 entered into between the Company as vendor and Pioneer Investment Limited as purchaser in relation to the sale of the entire issued share capital of Chong Kin Group Limited by the Company to Pioneer Investment Limited at the consideration in the sum of HK\$113,169,081;
- (f) a facility agreement dated 16 March 2021 entered into between China Golden Holdings Limited (中光集團有限公司) (“**China Golden**”), a wholly-owned subsidiary of the Company as lender, Rainbow Lead Ventures Limited (彩領創投有限公司) (“**Rainbow Lead**”) as borrower and Mr. Yeung Wan Yiu (楊雲耀) as guarantee under which China Golden shall lend and Rainbow Lead shall borrow HK\$40,000,000 which is secured by pledge over certain listed companies securities legally and beneficially owned by Rainbow Lead and located in Hong Kong;
- (g) subscription agreements dated 26 April 2021 entered into between the Company and the subscribers under which the said subscribers have conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 45,490,000 Shares at HK\$5.8 per Share; and
- (h) the Share Purchase Agreement.

9. GENERAL

- (a) The company secretary of the Company is Ms. Lee Eva, a practising solicitor.
- (b) The registered office of the Company is at Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands.
- (c) The headquarters and principal place of business of the Company in Hong Kong is Room 6808, 68 Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.
- (d) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong.
- (e) The English text of this circular shall prevail over the Chinese text to the extent of any inconsistency.

10. DOCUMENTS ON DISPLAY

Copy of the Share Purchase Agreement will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<https://www.chongkin.com.hk>) for 14 days from the date of this circular.