

THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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 with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission, The Stock Exchange of Hong Kong Limited and the Registrar of Companies in Hong Kong take no responsibility as to the contents of any of the Prospectus Documents or any other document(s) referred to above.

Dealings in the Rights Shares in their nil-paid and fully-paid forms may be settled through CCASS established and operated by HKSCC and you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings in the Rights Shares on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

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

Distribution of this Prospectus into jurisdictions other than Hong Kong may be restricted by law. Persons who come into possession of this Prospectus should acquaint themselves with and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction for which Jia Yao Holdings Limited will not accept any liability.



Jia Yao Holdings Limited
嘉耀控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 01626)

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

Financial Adviser to the Company



INCU Corporate Finance Limited

Underwriter to the Rights Issue



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

It should be noted that the Underwriting Agreement contains provisions entitling the Underwriter by notice in writing to the Company served prior to 4:00 p.m. on Wednesday, 19 October 2022 to terminate the obligations of the Underwriter thereunder on the occurrence of certain events. Such events are set out in the section headed “Termination of the Underwriting Agreement” of this Prospectus. If the Underwriting Agreement is terminated by the Underwriter or does not become unconditional, the Rights Issue will not proceed.

Dealings in the Rights Shares in the nil-paid form will take place from Thursday, 6 October 2022 to Thursday, 13 October 2022 (both dates inclusive). If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed. Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or the Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares. Any person contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its/their own professional advisers. The Latest Time for Acceptance is 4:00 p.m. on Tuesday, 18 October 2022. The procedures for acceptance, splitting of provisional allotment and payment and/or transfer of the Rights Shares are set out on pages 16 to 21 of this Prospectus.

3 October 2022

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DEFINITIONS

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

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	any weekday(s) (other than a Saturday or a day on which a tropical cyclone warning signal No. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.) on which banks are generally open for business in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time
“Change in Board Lot Size”	the change in board lot size of the Shares for trading on the Stock Exchange from 2,000 Shares per board lot to 4,000 Shares per board lot
“Circular”	the circular of the Company dated 5 September 2022 in relation to, among other things, the Rights Issue
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended from time to time
“Company”	Jia Yao Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1626)
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“EAF(s)”	the form(s) of application for use by the Qualifying Shareholders who wish to apply for the excess Rights Shares

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company held on 20 September 2022 at which the Rights Issue, the Underwriting Agreement and the transactions contemplated respectively thereunder were approved by the Independent Shareholders
“Excluded Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, based on legal opinion(s) provided by the legal adviser(s) to the Company, consider it necessary, or expedient not to offer the Rights Issue to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Extreme Conditions”	extreme conditions including but not limited to serious disruption of public transport services, extensive flooding, major landslides or large-scale power outage after super typhoons as announced by the government of Hong Kong
“FRC”	the Financial Reporting Council of Hong Kong
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Irrevocable Undertakings”	the irrevocable undertakings given by Mr. Yang and Mr. Feng in favour of the Company, the principal terms of which are disclosed in the section headed “The Irrevocable Undertakings” in the “Letter from the Board” in this Prospectus
“Last Trading Day”	5 August 2022, being the last trading day of the Existing Shares on the Stock Exchange immediately prior to the publication of the Rights Issue Announcement
“Latest Practicable Date”	27 September 2022, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information for inclusion in this Prospectus

DEFINITIONS

“Latest Time for Acceptance”	4:00 p.m. on Tuesday, 18 October 2022 or such other date as the Company may determine, being the latest time for acceptance and payment of the Rights Shares and for application and payment for excess Rights Shares as described in this Prospectus
“Latest Time for Termination”	4:00 p.m. on Wednesday, 19 October 2022, being the latest time for the termination of the Underwriting Agreement
“Listing Committee”	has the same meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Feng”	Mr. Feng Bin, the non-executive Director
“Mr. Yang”	Mr. Yang Yoong An, the chairman of the Board, an executive Director and a Controlling Shareholder of the Company
“Overseas Shareholder(s)”	Shareholder(s) whose address(es) on the register of members of the Company on the Record Date are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) issued to the Qualifying Shareholders for the Rights Issue
“Posting Date”	Monday, 3 October 2022 or such other day as the Company may determine, being the date of despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus to the Excluded Shareholders (as the case may be)
“PRC”	the People’s Republic of China, which for the purpose of this Prospectus, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	this prospectus despatched to the Qualifying Shareholders (and the Excluded Shareholder(s) for information only) on the Posting Date in connection with the Rights Issue
“Prospectus Documents”	this Prospectus, the PAL and the EAF
“Qualifying Shareholder(s)”	Shareholder(s), whose names appear on the register of members of the Company as at the Record Date, other than the Excluded Shareholder(s)

DEFINITIONS

“Record Date”	Friday, 30 September 2022, or on such other date as the Company may determine, being the date for determination of the entitlements under the Rights Issue
“Registrar”	Union Registrars Limited, the Company’s branch share registrar and transfer office in Hong Kong
“Rights Issue”	the issue of Rights Shares at the Subscription Price on the basis of one (1) Rights Share for every one (1) existing Share held at the close of business on the Record Date payable in full on acceptance
“Rights Issue Announcement”	the announcement of the Company dated 5 August 2022, in relation to, among other things, the Rights Issue and the Change in Board Lot Size
“Rights Share(s)”	the Share(s) to be allotted and issued under the Rights Issue
“SFC”	the Securities and Futures Commission
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Spearhead Leader”	Spearhead Leader Limited, being a Controlling Shareholder, and the entire issued share capital of which is wholly-owned by Mr. Yang, which holds approximately 69.79% of the issued share capital of the Company as at the Latest Practicable Date
“Subscription Price”	the subscription price in respect of each Rights Share, being HK\$0.60
“Substantial Shareholder(s)”	has the meaning as ascribed to it under the Listing Rules
“Star Glide”	Star Glide Limited, the entire issued share capital of which is wholly-owned by Mr. Feng, which holds approximately 5.21% of the issued share capital of the Company as at the Latest Practicable Date
“Takeovers Code”	the Code on Takeovers and Mergers

DEFINITIONS

“Undertaken Shares”	a total number of 225,000,000 Rights Shares to be provisionally allotted to Spearhead Leader and Star Glide in accordance with their respective shareholding, whereby each of Mr. Yang and Mr. Feng has undertaken to the Company that they shall respectively procure Spearhead Leader and Star Glide to subscribe in full under the Irrevocable Undertakings
“Underwriter”	First Shanghai Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the Underwriter
“Underwriting Agreement”	the underwriting agreement dated 5 August 2022 entered into between the Company and the Underwriter in relation to the Rights Issue, as revised, supplemented or amended from time to time in accordance with its terms
“Underwritten Shares”	75,000,000 Rights Shares, representing the Rights Shares to be underwritten by the Underwriter, subject to the terms and conditions of the Underwriting Agreement
“Untaken Shares”	the number of unsubscribed Rights Share(s) not taken up by the Qualifying Shareholder(s) or renounee(s) or transferee(s) of nil-paid rights under PAL(s)
“%”	per cent

In this Prospectus, the English transliteration of the Chinese names, which are marked with “”, are included for identification purpose only, and should not be regarded as the official English names of such Chinese names. In the event of any inconsistency, the Chinese names shall prevail.*

For the purpose of this Prospectus and for illustrative purposes only, unless the context otherwise requires, conversion of RMB to HK\$ is based on the exchange rate of HK\$1.17 to RMB1 and should not be construed as a representation that any amount has been, could have been or may be, exchanged at this or any other rate.

EXPECTED TIMETABLE

The expected timetable for the Rights Issue and Change in Board Lot Size set out below is for indicative purposes only and it has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled. The expected timetable is subject to change. Further announcement(s) will be made in the event of any changes to the timetable as and when appropriate.

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

Event	Date (Hong Kong time)
Effective date of the new board lots size of 4,000 Shares	Monday, 3 October 2022
Designated broker starts to stand in the market to provide matching services for odd lots of Shares.....	9:00 a.m. on Monday, 3 October 2022
First day of dealings in nil-paid Rights Shares.....	Thursday, 6 October 2022
Latest time for splitting nil-paid Rights Shares	4:00 p.m. on Monday, 10 October 2022
Last day of dealing in nil-paid Rights Shares	Thursday, 13 October 2022
Latest Time for Acceptance of and payment for the Rights Shares and application of and payment for excess Rights Shares.....	4:00 p.m. on Tuesday, 18 October 2022
Latest Time for Termination of the Underwriting Agreement.....	4:00 p.m. on Wednesday, 19 October 2022
Designated broker ceases to stand in the market to provide matching services for odd lots of Shares.....	4:00 p.m. on Monday, 24 October 2022
Announcement of results of the Rights Issue	Tuesday, 25 October 2022
Despatch of certificates for fully-paid rights shares and refund cheques in relation to wholly or partially unsuccessful applications for excess Rights Shares (if any)	Wednesday, 26 October 2022
Commencement of dealings in fully-paid Rights Shares	Thursday, 27 October 2022

EXPECTED TIMETABLE

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

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

- (1) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance. Instead, the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or
- (2) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance. Instead, the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the next Business Day which does not have either of the abovementioned warnings in force 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 of and payment for excess Rights Shares is postponed in accordance with the foregoing, the dates of the events subsequent to the Latest Time for Acceptance mentioned in this section may be affected. An announcement will be made by the Company in such event.

TERMINATION OF THE UNDERWRITING AGREEMENT

TERMINATION OF THE UNDERWRITING AGREEMENT

If, at any time prior to the Latest Time for Termination there occurs:

- (a) any of the following which, in the reasonable opinion of the Underwriter, will or is likely to materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudices the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue:
 - (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof); or
 - (ii) the occurrence, happening, coming into effect or becoming public knowledge of (1) 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 hereof) of a political, military, financial, economic or currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not such are of the same nature as any of the foregoing) or of the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities market; (2) a suspension or a material limitation in trading in securities generally on the Stock Exchange; (3) a suspension or a material limitation in trading in the Company's securities on the Stock Exchange for more than ten consecutive Business Days (other than pending publication of the Rights Issue Announcement or any other document relating to the Rights Issue); (4) a general moratorium on commercial banking activities in Hong Kong declared by the relevant authority or a material disruption in commercial banking or securities settlement or clearance services in Hong Kong; or (5) a change or development involving a prospective change in taxation affecting the Company, the Shares or the transfer thereof; or
- (b) any change in the circumstances of the Company or any member of the Group occurs which in the reasonable opinion of the Underwriter will materially and adversely affect the prospects of the Company, 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 member of the Group or the destruction of any material asset of the Group; or
- (c) in the reasonable opinion of the Underwriter, any event of force majeure occurs, including without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, outbreak of an infectious disease, epidemic, terrorism, armed conflict, strike or lock-out; or

TERMINATION OF THE UNDERWRITING AGREEMENT

- (d) the commencement by any third party of any litigation or claim against any member of the Group after the signing of the Underwriting Agreement which, in the reasonable opinion of the Underwriter, is or might be material to the Group taken as a whole; or
- (e) in the reasonable opinion of the Underwriter, any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole occurs, whether or not ejusdem generis with any of the foregoing,

the Underwriter shall be entitled by notice in writing issued by the Underwriter to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

If, at or prior to the Latest Time for Termination:

- (a) the Company commits any material breach of or omits to materially observe any of the obligations, undertakings, representations or warranties expressed to be assumed by it under the Underwriting Agreement, where, in the reasonable opinion of the Underwriter, such breach or omission will or is likely to have a material and adverse effect on its business, financial or trading prospects of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Rights Issue; or
- (b) the Underwriter shall receive notification of, or shall otherwise become aware of, the fact that any of the representations, warranties or undertakings was, when given, untrue or inaccurate or would be untrue or inaccurate if repeated, and the Underwriter shall, in its reasonable discretion, determine that any such untrue representation, warranty or undertaking represents or is likely to represent a material adverse change in the business, financial or trading position or prospects of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Rights Issue; or
- (c) the Company's application to the Listing Committee of the Stock Exchange for the permission for the listing of, and permission to deal in, the Rights Shares (in their nil-paid and fully-paid forms) on the Stock Exchange is withdrawn by the Company and/or refused or revoked by the Stock Exchange; or
- (d) any condition to enable the Rights Shares (in their nil-paid and fully-paid forms) to be admitted as eligible securities for deposit, clearance and settlement in CCASS is not satisfied or notification is received by the Company from HKSCC that such admission or facility for holding and settlement has been or is to be refused; or
- (e) any statement contained in the Circular or any Prospectus Document has been shown to be untrue, inaccurate, incomplete in any material respect or misleading with reference to the date on which such statement was made; or

TERMINATION OF THE UNDERWRITING AGREEMENT

- (f) the Company shall, after any 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 has occurred or come to the Underwriter's attention, fail promptly to send out any announcement or circular (after the despatch of the Prospectus Documents), in such manner (and as appropriate with such contents) as the Underwriter may reasonably request for the purpose of preventing the creation of a false market in the securities of the Company,

the Underwriter shall be entitled (but not bound) by notice in writing issued by it to the Company to elect to treat such matter or event as releasing and discharging the Underwriter from its obligations under the Underwriting Agreement and rescind the Underwriting Agreement. Any such notice shall only be served by the Underwriter prior to the Latest Time for Termination.

Upon the giving of notice referred to above, all obligations of the Underwriter hereunder shall cease and determine and no party shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement, save in respect of the above termination clause, provisions regarding fees, indemnity, notices and governing law and jurisdiction and any right or liability accrued before such rescission or termination, have any right against or liability towards any of the other parties arising out of or in connection with the Underwriting Agreement.

If the Underwriter terminates the Underwriting Agreement, the Rights Issue will not proceed. Further announcement(s) will be made if the Underwriting Agreement is terminated by the Underwriter.

LETTER FROM THE BOARD



Jia Yao Holdings Limited

嘉耀控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 01626)

Board of Directors

Executive Director:

Mr. Yang Yoong An (*Chairman*)

Non-executive Directors:

Mr. Feng Bin

Mr. Yang Fan

Independent Non-executive Directors:

Mr. Gong Jinjun

Mr. Zeng Shiquan

Mr. Wang Ping

Registered Office:

Third Floor, Century Yard
Cricket Square, P.O. Box 902
Grand Cayman, KY1-1103
Cayman Islands

Principal Place of Business

in Hong Kong:

Suite 3212, 32nd Floor
Tower One, Times Square
No. 1 Matheson Street, Causeway Bay
Hong Kong

3 October 2022

To the Qualifying Shareholders and, for information only, the Excluded Shareholders

Dear Sir or Madam,

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

INTRODUCTION

References are made to (i) the Rights Issue Announcement; and (ii) the Circular in relation to (a) the Rights Issue and (b) the Change in Board Lot Size.

At the EGM convened and held on Tuesday, 20 September 2022 at 11:00 a.m., the resolution approving the Rights Issue, the Underwriting Agreement and the transactions contemplated respectively thereunder was duly passed by the Independent Shareholders by way of poll. Spearhead Leader and Star Glide held 209,362,000 Shares and 15,638,000 Shares, representing approximately 69.79% and 5.21% of the issued share capital of the Company, respectively. Mr. Yang beneficially owns the entire issued share capital of Spearhead Leader and Mr. Feng beneficially owns the entire issued share capital of Star Glide. As Spearhead Leader and Mr. Yang are the Controlling Shareholders of the Company and Star Glide (which

LETTER FROM THE BOARD

is wholly owned by Mr. Feng) is a party acting in concert with Spearhead Leader, each of Spearhead Leader, Star Glide, Mr. Yang and Mr. Feng abstained from voting in favour of the resolution relating to the Rights Issue at the EGM.

The purpose of this Prospectus is to provide you with further details of the Rights Issue including information on dealings in, transfer and acceptance of the Rights Shares and certain financial and other information in respect of the Group.

RIGHTS ISSUE

On 5 August 2022 (after trading hours), the Company proposed to implement the Rights Issue on the basis of one (1) Rights Share for every one (1) existing Share held on the Record Date at the Subscription price of HK\$0.60 per Rights Share. Further details of the Rights Issue are set out below:

Issue statistics

Basis of the Rights Issue	:	One (1) Rights Share for every one (1) existing Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.60 per Rights Share
Net Subscription Price per Rights Share (i.e. Subscription Price less Rights Issue expenses)	:	Approximately HK\$0.59 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	300,000,000 Shares
Number of Rights Shares to be issued pursuant to the Rights Issue	:	300,000,000 Rights Shares
Aggregate nominal value of the Rights Shares	:	HK\$3,000,000
Number of Shares in issue upon completion of the Rights Issue	:	600,000,000 Shares
Gross proceeds to be raised before expenses	:	Approximately HK\$180.0 million (before expenses)
Right of excess applications	:	Qualifying Shareholders may apply for the Rights Shares in excess of their provisional allotment
Underwriter	:	First Shanghai Securities Limited

LETTER FROM THE BOARD

Number of Rights Shares : 75,000,000 Rights Shares underwritten by the Underwriter pursuant to the terms and conditions of the Underwriting Agreement, excluding the Undertaken Shares. Accordingly, taking into account the Undertaken Shares, the Rights Issue is fully underwritten.

The 300,000,000 Rights Shares to be issued pursuant to the terms of the Rights Issue represents (i) 100.0% of the total number of existing issued Shares as at the Latest Practicable Date; and (ii) 50.0% of the total number of issued Shares as enlarged by the issue of the Rights Shares.

As at the Latest Practicable Date, the Group had no outstanding derivatives, options, warrants, convertible or exchangeable securities carrying rights to subscribe for, convert or exchange into Shares.

The Subscription Price

The Subscription Price of HK\$0.60 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue, upon an application of excess Rights Shares, or where a transferee of the nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 45.95% to the closing price of HK\$1.110 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 14.29% to the closing price of HK\$0.700 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 12.02% to the average closing price of approximately HK\$0.682 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 16.20% to the average closing price of approximately HK\$0.716 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 7.69% to the theoretical ex-rights price of approximately HK\$0.650 per Share based on the closing price of HK\$0.700 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 7.14% of the theoretical diluted price of approximately HK\$0.650 per Share to the benchmarked price of HK\$0.700 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the

LETTER FROM THE BOARD

higher of the closing price of HK\$0.700 per Share on the Last Trading Day and the average closing price of the Shares as quoted on the Stock Exchange for the five (5) consecutive trading days prior to the Last Trading Day of HK\$0.674 per Share);

- (vii) a discount of approximately 4.15% to the audited net asset value of the Company of approximately HK\$0.626 per Share based on the latest published audited net asset value attributable to owners of the Company of approximately RMB160,411,000 (equivalent to approximately HK\$187,680,870) as at 31 December 2021 as set out in the annual report of the Company for the year ended 31 December 2021 and total number of issued Shares of 300,000,000 Shares as at the Latest Practicable Date; and
- (viii) a discount of approximately 4.76% to the unaudited net asset value of the Company of approximately HK\$0.630 per Share based on the latest published unaudited net asset value attributable to owners of the Company of approximately RMB161,566,000 (equivalent to approximately HK\$189,032,220) as at 30 June 2022 as set out in the interim report of the Company for the six months ended 30 June 2022 and total number of issued Shares of 300,000,000 Shares as at the Latest Practicable Date.

The Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to, among others, the market price of the Shares under the prevailing market conditions, the financial condition of the Company and the reasons for and benefits of Rights Issue as discussed in the section headed "Reasons for and Benefits of the Rights Issue and Use of Proceeds" in this Prospectus. The Board considers that the terms of the Rights Issue (including the Subscription Price) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The estimated net price per Rights Share after deducting the related expenses of the Rights Issue will be approximately HK\$0.59.

Conditions of the Rights Issue

The Rights Issue will be conditional upon:

- (i) approval being obtained from the Independent Shareholders at the EGM by way of an ordinary resolution to approve the Rights Issue and the transactions contemplated thereunder, including but not limited to the Underwriting Agreement, pursuant to Rule 7.19A of the Listing Rules;
- (ii) delivery being made to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively of the Prospectus Documents in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Posting Date;
- (iii) posting of the Prospectus Documents to the Qualifying Shareholders and posting of Prospectus to the Excluded Shareholders (for information only) on or before the Posting Date;

LETTER FROM THE BOARD

- (iv) the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms; and
- (v) the representation, warranties and undertakings of the Company as set out in the Underwriting Agreement remain true and accurate in all material respects.

The Company shall use all reasonable endeavours to procure the fulfilment or waiver (as the case may be) of all the above conditions precedent by the Latest Time for Termination or such other date as the Company and the Underwriter may agree.

The Underwriter may at any time by notice in writing to the Company waive the condition precedent set out in paragraph (v) above. Save and except the condition precedent set out in paragraph (v) above, the other conditions precedent are incapable of being waived. If the conditions precedent set out in paragraphs (i) to (v) above are not satisfied and/or waived in whole or in part by the Underwriter by the Latest Time for Termination or such other date as the Company and the Underwriter may agree, the Underwriting Agreement shall terminate (save and except the provisions regarding fees, notices and governing law and jurisdiction which shall remain in full force and effect) and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

As at the Latest Practicable Date, condition (i) has been satisfied and conditions (ii), (iii), (iv) and (v) had not been fulfilled.

Status of the Rights Shares

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

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company as at the close of business on the Record Date and not be an Excluded Shareholder.

Basis of provisional allotments

The Rights Shares will be allotted on the basis of one (1) Rights Share for every one (1) Share held by the Qualifying Shareholders as at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents.

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

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

Fractional entitlement to the Rights Shares

On the basis of provisional allotment of one (1) Rights Share for every one (1) existing Share held on the Record Date, no fractional entitlements will arise from the Rights Issue.

Rights of the Overseas Shareholders

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

Having made the enquiries, as at the Latest Practicable Date, none of the Shareholders as recorded on the register of members of the Company had address(es) which is/are outside Hong Kong. Accordingly, there will be no Excluded Shareholder for the purpose of the Rights Issue.

It is the responsibility of the Shareholders, including the Overseas Shareholders, wishing to make an application for the Rights Shares, to satisfy himself/herself/itself before taking up his/her/its provisional allotments under the Rights Issue, as to the observance of the laws and regulations of all relevant jurisdictions, including the obtaining of any governmental or other consents and to pay any taxes and duties required to be paid in such jurisdiction in connection with the taking up and onward sale of the Rights Shares.

The Rights Issue does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful. Shareholders and beneficial owners of the Shares (including, without limitation, their respective agents, custodians, nominees and trustees) should inform themselves of and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

Procedures for acceptance, splitting of provisional allotment and payment and/or transfer of the Rights Shares

For each Qualifying Shareholders, a PAL is enclosed with this Prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of the Rights Shares shown therein.

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If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PAL, they must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar in Hong Kong, Union Registrars Limited, at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong by no later than 4:00 p.m. on Tuesday, 18 October 2022 (or, under bad weather conditions, such later date as mentioned in the paragraph “Effect of bad weather or extreme conditions on the latest time for acceptance of and payment for the Rights Shares and application of and payment for excess Rights Shares” in the section headed “Expected Timetable” in this Prospectus). All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by banker’s cashier orders which must be issued by, a licensed bank in Hong Kong and made payable to “**JIA YAO HOLDINGS LIMITED — RIGHTS ISSUE ACCOUNT**” and crossed “**Account Payee Only**”.

It should be noted that unless the PAL, together with the appropriate remittance, has been lodged with the Registrar by no later than 4:00 p.m. on Tuesday, 18 October 2022, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled and such Rights Shares will be available for excess application under the EAF by other Qualifying Shareholders. The Company may, at its sole discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require such incomplete PAL to be completed by the relevant applicants at a later stage.

If the Qualifying Shareholders wish to accept only part of his/her/its provisional allotment or transfer part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or to transfer part or all of his/her/its rights to more than one person, the original PAL must be surrendered and lodged for cancellation no later than 4:00 p.m. on Monday, 10 October 2022, to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Registrar, at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL. It should be noted that Hong Kong ad valorem stamp duty is payable in connection with the transfer of your rights to subscribe for the relevant Rights Shares to the transferee(s) and the acceptance by the transferee(s) of such rights.

The Company reserves the right to refuse to register any transfer in favour of any person in respect of which the Company believes such transfer may violate applicable legal or regulatory requirements.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques or banker’s cashier orders accompanying completed PALs will be presented for payment immediately upon receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a banker’s cashier order, whether by a Qualifying Shareholder or by any nominated transferees, will constitute a warranty by the applicant that

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the cheque or the banker's cashier order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or banker's cashier order is dishonoured on first presentation, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. You must pay the exact amount payable upon application for the Rights Shares, underpaid application will be rejected. In the event of overpaid application, a refund cheque, without interest, will be made out to you if the overpaid amount is HK\$100 or above.

No action has been taken by the Company to permit the offering of the Rights Shares or the distribution of the Prospectus Documents in any territory or jurisdiction outside Hong Kong. Accordingly, no person receiving the Prospectus Documents in any territory or jurisdiction outside Hong Kong may treat it as an offer or invitation to apply for Rights Shares, unless in the relevant territory or jurisdiction where such an offer or invitation could lawfully be made without compliance with any registration or other legal or regulatory requirements. Subject as referred to below, it is the responsibility of anyone outside Hong Kong wishing to make an application for the Rights Shares to satisfy himself/herself/itself, before subscribing for the provisionally allotted Rights Shares, as to the full observance of the laws and regulations of all relevant territories and jurisdictions, including the obtaining of any governmental or other consents and to pay taxes and duties required to be paid in such territory or jurisdiction in connection therewith. Any acceptance of the offer of the Rights Shares by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been or will be fully complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representation or warranty. If you are in doubt as to your position, you should consult your own professional advisers. The Company reserves the right to refuse to accept any application for the Rights Shares where it believes that doing so would violate the applicable securities legislation or other laws and regulations of any territory or jurisdiction. No application for Rights Shares will be accepted from any person who is an Excluded Shareholder.

If the Underwriter exercises the right to terminate its obligations under the Underwriting Agreement before the Latest Time for Termination and/or if any of the conditions of the Rights Issue as set out in the paragraph headed "Conditions of the Rights Issue" above are not fulfilled, the monies received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in their nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other persons to their registered addresses by the Registrar on Wednesday, 26 October 2022.

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

Application for the excess Rights Shares

Qualifying Shareholders shall be entitled to apply, by way of excess application, for:

- (i) any unsold entitlement of the Excluded Shareholders (if any); and

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- (ii) any Rights Shares provisionally allotted but not validly accepted by the Qualifying Shareholders or otherwise not subscribed for by transferees of nil-paid Rights Shares.

Applications for the excess Rights Shares may be made by completing the EAF and lodging the same with a separate remittance for the excess Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance. The Board will allocate the excess Rights Shares at its discretion, but on a fair and equitable basis as far as practicable on the following principles:

- (i) no preference will be given to applications for topping-up odd-lot holdings to whole-lot holdings as the giving of such preference may potentially be abused by certain investors by splitting their Shares and thereby receiving more Rights Shares than they would receive if such preference is not given, which is an unintended and undesirable result;
- (ii) subject to availability of the excess Rights Shares, the excess Rights Shares will be allocated to the Qualifying Shareholders who have applied for excess application on a pro rata basis based on the number of excess Rights Shares applied for by them. No reference will be made to Rights Shares subscribed through PALs, or the number of Shares held by the Qualifying Shareholders; and
- (iii) pursuant to Rule 7.21(3)(b) of the Listing Rules, the Company will also take steps to identify the applications for excess Rights Shares made by the Controlling Shareholder or its associates (together, the “**Relevant Shareholders**”), whether in their own names or through nominees. The Company shall disregard the Relevant Shareholders’ applications for excess Rights Shares to the extent that the total number of excess Rights Shares they have applied for exceeds a maximum number equivalent to the total number of Rights Shares offered under the Rights Issue minus the number of Rights Shares taken up by the Relevant Shareholders under their assured entitlement to the Rights Shares.

If the aggregate number of Rights Shares underlying the Untaken Shares is greater than the aggregate number of excess Rights Shares being applied for under EAFs, the Directors will allocate to each Qualifying Shareholder who applies for excess Rights Shares the actual number of excess Rights Shares being applied for.

In the event that 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.

Beneficial owners of Shares whose shares are held by a nominee company (including HKSCC Nominees Limited) should note that for the purpose of the Rights Issue, the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the beneficial owners of Shares whose Shares are registered in name of nominee companies should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares would not be extended to beneficial owners individually

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and are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. Shareholders and investors should consult their professional advisers if they are in doubt as to their status.

Any Qualifying Shareholder wishing to apply for any Rights Shares in addition to his/her/its provisional allotment must complete and sign the EAF in accordance with the instructions printed thereon and lodge the same, together with a separate remittance for the amount payable on application in respect of the excess Rights Shares applied for, with the Registrar, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong by no later than 4:00 p.m. on Tuesday, 18 October 2022. All remittances must be made by cheque or banker's cashier order in Hong Kong dollars. Cheques must be drawn on an account with, and banker's cashier orders must be issued by, a licensed bank in Hong Kong and made payable to "**JIA YAO HOLDINGS LIMITED — EXCESS APPLICATION ACCOUNT**" and crossed "**Account Payee Only**".

For those beneficial owners of Shares whose Shares are held by their nominee(s) (including HKSCC Nominees Limited) and who would like to have their names registered on the register of members of the Company, they must lodge all necessary documents with the Registrar, Union Registrars Limited, at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, for completion of the relevant registration not later than 4:00 p.m. (Hong Kong time) on Friday, 23 September 2022.

If no excess Rights Shares are allotted to a Qualifying Shareholder who has applied for excess Rights Shares, the remittance tendered on application is expected to be returned by refund cheque to that Qualifying Shareholder in full without interest by ordinary post at his/her/its own risk by the Registrar on Wednesday, 26 October 2022. If the number of excess Rights Shares allotted to a Qualifying Shareholder is less than that applied for, the surplus application monies is also expected to be returned by refund cheque to that Qualifying Shareholder without interest by ordinary post to his/her/its registered address at his own risk by the Registrar on Wednesday, 26 October 2022. All cheques or banker's cashier orders accompanying completed EAFs will be presented for payment immediately following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the EAF together with a cheque or a banker's cashier order in payment for the excess Rights Shares applied for will constitute a warranty by the applicant that the cheque or the banker's cashier order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any EAF in respect of which the cheque or banker's cashier order is dishonoured on first presentation.

The EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including refund cheques for wholly or partially unsuccessful applications for excess Rights Shares, will be sent by ordinary post at the risk of the person(s) entitled thereto to their registered addresses as at the Record Date by the Registrar on the respective despatch dates. The Company may, at its discretion, treat an EAF as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the EAF is not completed in accordance with the relevant instructions.

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No action has been taken to permit the offering of the Rights Shares or the distribution of the Prospectus Documents in any territory other than Hong Kong. Accordingly, no person receiving a copy of the EAF in any territory outside Hong Kong may treat it as an offer or invitation to apply for the excess Rights Shares, unless in a territory where such an offer or invitation could lawfully be made without compliance with any registration or other legal and regulatory requirements thereof. Completion and return of the EAF together with a cheque or banker's cashier order in payment for the excess Rights Shares applied for will constitute a warranty and representation from such Qualifying Shareholder(s) to the Company that all registration, legal and regulatory requirements of all relevant jurisdictions in connection with the EAF and any application thereunder, have been, or will be, duly complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above warranty and representation. The Company reserves the right to refuse to accept any application for excess Rights Shares where it believes that doing so would violate the applicable securities or other laws or regulations of any jurisdiction.

If the Underwriter exercises the right to terminate its obligations under the Underwriting Agreement before the Latest Time for Termination and/or if any of the conditions of the Rights Issue as set out in the paragraph headed "Conditions of the Rights Issue" above are not fulfilled, the Rights Issue will not proceed. Under such circumstances, the remittance received in respect of application for excess Rights Shares will be returned to the Qualifying Shareholders or, in the case of joint applicants, to the first named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on Wednesday, 26 October 2022.

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

Subject to fulfilment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be sent on Wednesday, 26 October 2022, to those entitled thereto by ordinary post, at their own risk, to their registered addresses. Each applicant, except HKSCC Nominees Limited, will receive one share certificate for all the allotted Rights Shares.

If the Rights Issue is terminated, refund cheques will be posted on Wednesday, 26 October 2022 by ordinary post to the applicants, 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 posted on Wednesday, 26 October 2022, by ordinary post to the applicants, at their own risk, to their registered addresses.

Application for listing

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

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

Dealing in the Rights Shares in both their nil-paid and fully-paid forms will be in the new board lots of 4,000 Rights Shares. Dealings in the Rights Shares in both nil-paid and fully paid forms, which are registered in the branch register of members of the Company in Hong Kong, will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy, FRC transaction levy or any other applicable fees and charges in Hong Kong.

THE IRREVOCABLE UNDERTAKINGS

As at the Latest Practicable Date, Spearhead Leader and Star Glide hold 209,362,000 Shares and 15,638,000 Shares, representing approximately 69.79% and 5.21% of the issued share capital, respectively. Mr. Yang beneficially owns the entire issued share capital of Spearhead Leader and Mr. Feng beneficially owns the entire issued share capital of Star Glide. Each of Mr. Yang and Mr. Feng has given irrevocable undertaking in favour of the Company that, among other things:

- (i) Mr. Yang shall procure Spearhead Leader to fully subscribe for 209,362,000 Rights Shares, which will be provisionally allotted to Spearhead Leader under the Rights Issue;
- (ii) Mr. Feng shall procure Star Glide to fully subscribe for 15,638,000 Rights Shares, which will be provisionally allotted to Star Glide under the Rights Issue; and
- (iii) Mr. Yang and Mr. Feng shall respectively procure Spearhead Leader and Star Glide not to directly or indirectly sell or transfer any of the Shares held by them from the date of Irrevocable Undertakings to the Record Date.

Save for the Irrevocable Undertakings, 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.

Each of Mr. Yang and Mr. Feng has further provided written confirmation confirming that they would not, and would procure Spearhead Leader and Star Glide not to, make any excess application under the Rights Issue.

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THE UNDERWRITING AGREEMENT

On 5 August 2022 (after trading hours), the Company and the Underwriter entered into the Underwriting Agreement, pursuant to which the Underwriter has conditionally agreed to underwrite the Underwritten Shares of 75,000,000 Rights Shares, subject to the terms and conditions of the Underwriting Agreement.

The principal terms of the Underwriting Agreement are summarised below:

Date	:	5 August 2022 (after trading hours)
Issuer	:	The Company
Underwriter	:	First Shanghai Securities Limited
Number of Underwritten Shares	:	75,000,000 Rights Shares underwritten by the Underwriter pursuant to the terms and conditions of the Underwriting Agreement, excluding the Undertaken Shares. Accordingly, taking into account the Undertaken Shares, the Rights Issue is fully underwritten.
Commission	:	5% of the aggregate subscription amount in respect of the maximum number of Underwritten Shares, being 75,000,000 Rights Shares for which the Underwriter has agreed to subscribe or procure subscription pursuant to the Underwriting Agreement

The Underwriter is a licensed corporation to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO whose ordinary course of business includes underwriting of securities. To the best of the Directors' knowledge, information and belief, the Underwriter and its ultimate beneficial owner(s) are Independent Third Parties. The Underwriter confirmed that it has complied with Rule 7.19(1)(a) of the Listing Rules.

Pursuant to the Underwriting Agreement, the Underwriter undertakes and shall ensure that (i) each of the subscribers of the Underwritten Shares procured by it shall be an Independent Third Party; and (ii) none of the subscribers, together with any party(ies) acting in concert with it/them, will hold such number of Underwritten Shares which will trigger a mandatory general offer obligation under the Takeovers Code on the part of such sub-underwriters or subscribers or purchasers and parties acting in concert (within the meaning of the Takeovers Code) with it upon completion of the Rights Issue.

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 market practice. The Company had approached three brokerage companies (including the Underwriter) to explore their interest in participating in the underwriting of the Rights Issue on a fully underwritten basis. Save and except for the Underwriter which agreed to fully underwrite the Rights Shares at the Subscription Price at a commission of 5.0%, other

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brokerage companies did not show interests to underwrite the Rights Shares on a fully underwritten basis. The Board considered that if the Rights Issue was not conducted on a fully underwritten basis, it would be contrary to the Company's initial objective for the Rights Issue, which is to raise funds by way of Rights Issue with certainty, as such the Rights Issue must be fully-underwritten. In particular, the Company understood that the Underwriter offered the commission rate of 5.0% based on its past experience and its assessment on the likelihood of low acceptance rate by the Qualifying Shareholders given the recent pricing trend of the Shares, the low trading volume of the Shares and the lower-than-average discount to the closing price per Share on the Last Trading Day, the closing price per Share for the five consecutive trading days prior to and including the Last Trading Day and the theoretical ex-rights price per Share based on the closing price per Share on the Last Trading Day. Moreover, the underwriting commission rate under the Underwriting Agreement was determined after making reference to, and is within the range of, those underwritten rights issue exercises in the past six months from the date of the Underwriting Agreement, which were shortlisted as to those conducted by companies listed on the Main Board of the Stock Exchange and are fully-underwritten by the independent underwriters (the "**Fully Underwritten Comparables**"). It is noted that the underwriting commission charged by the underwriters of the Fully Underwritten Comparables ranged from 1.00% to 7.07%, and the Directors considered that the said range represents a fair and representative view of the recent market conditions as to the rate of underwriting commission in rights issue cases conducted on a fully-underwritten basis. Accordingly, the Company considers that the underwriting commission of 5.0% is in line with the market practice. The Company is of the view that although underwriting is no longer a mandatory requirement under the Listing Rules, the underwriting arrangement for the Rights Issue would be beneficial to the Company by guaranteeing the size of the issue and providing certainty as to the size of the capital being raised in the Rights Issue, which is in the interests of the Company and the Shareholders as a whole. The Company also reviewed the credentials of the Underwriter and noted that the Underwriter has extensive experience in acting as bookrunner, lead manager and underwriter for fundraising activities of listed companies. Having considered (i) the Underwriter is the only underwriter that is willing to fully underwrite the Underwritten Shares amongst all brokerage companies that the Company have approached; (ii) the Company's objective is to raise sufficient funds by way of Rights Issue with certainty; (iii) the underwriting commission of 5.0% is within the range of those underwriting commission charged by the underwriters of the Fully Underwritten Comparables; and (iv) the Underwriter's extensive experience for similar fundraising activities, the Directors consider that the terms of the Underwriting Agreement including the commission rate, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Underwriter may enter into sub-underwriting arrangement with sub-underwriter(s) (if any) or appoint any person to be sub-agent(s) on its behalf for the purpose of arranging for the subscription of the Underwritten Shares with selected subscribers with such authority and rights as the Underwriter have pursuant to its appointment under the Underwriting Agreement.

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Subject to the fulfilment or waiver (where applicable) of all the conditions contained in the Underwriting Agreement 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 for or procure the subscription for the Underwritten Shares pursuant to the terms and conditions of Underwriting Agreement.

Termination of the Underwriting Agreement

If, at any time prior to the Latest Time for Termination there occurs:

- (a) any of the following which, in the reasonable opinion of the Underwriter, will or is likely to materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudices the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue:
 - (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof); or
 - (ii) the occurrence, happening, coming into effect or becoming public knowledge of (1) 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 hereof) of a political, military, financial, economic or currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not such are of the same nature as any of the foregoing) or of the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities market; (2) a suspension or a material limitation in trading in securities generally on the Stock Exchange; (3) a suspension or a material limitation in trading in the Company's securities on the Stock Exchange for more than ten consecutive Business Days (other than pending publication of the Rights Issue Announcement or any other document relating to the Rights Issue); (4) a general moratorium on commercial banking activities in Hong Kong declared by the relevant authority or a material disruption in commercial banking or securities settlement or clearance services in Hong Kong; or (5) a change or development involving a prospective change in taxation affecting the Company, the Shares or the transfer thereof; or
- (b) any change in the circumstances of the Company or any member of the Group occurs which in the reasonable opinion of the Underwriter will materially and adversely affect the prospects of the Company, 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 member of the Group or the destruction of any material asset of the Group; or

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- (c) in the reasonable opinion of the Underwriter, any event of force majeure occurs, including without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, outbreak of an infectious disease, epidemic, terrorism, armed conflict, strike or lock-out; or
- (d) the commencement by any third party of any litigation or claim against any member of the Group after the signing of the Underwriting Agreement which, in the reasonable opinion of the Underwriter, is or might be material to the Group taken as a whole; or
- (e) in the reasonable opinion of the Underwriter, any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole occurs, whether or not ejusdem generis with any of the foregoing,

the Underwriter shall be entitled by notice in writing issued by the Underwriter to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

If, at or prior to the Latest Time for Termination:

- (a) the Company commits any material breach of or omits to materially observe any of the obligations, undertakings, representations or warranties expressed to be assumed by it under the Underwriting Agreement, where, in the reasonable opinion of the Underwriter, such breach or omission will or is likely to have a material and adverse effect on its business, financial or trading prospects of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Rights Issue; or
- (b) the Underwriter shall receive notification of, or shall otherwise become aware of, the fact that any of the representations, warranties or undertakings was, when given, untrue or inaccurate or would be untrue or inaccurate if repeated, and the Underwriter shall, in its reasonable discretion, determine that any such untrue representation, warranty or undertaking represents or is likely to represent a material adverse change in the business, financial or trading position or prospects of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Rights Issue; or
- (c) the Company's application to the Listing Committee of the Stock Exchange for the permission for the listing of, and permission to deal in, the Rights Shares (in their nil-paid and fully-paid forms) on the Stock Exchange is withdrawn by the Company and/or refused or revoked by the Stock Exchange; or
- (d) any condition to enable the Rights Shares (in their nil-paid and fully-paid forms) to be admitted as eligible securities for deposit, clearance and settlement in CCASS is not satisfied or notification is received by the Company from HKSCC that such admission or facility for holding and settlement has been or is to be refused; or

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- (e) any statement contained in the Circular or any Prospectus Document has been shown to be untrue, inaccurate, incomplete in any material respect or misleading with reference to the date on which such statement was made; or
- (f) the Company shall, after any 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 has occurred or come to the Underwriter's attention, fail promptly to send out any announcement or circular (after the despatch of the Prospectus Documents), in such manner (and as appropriate with such contents) as the Underwriter may reasonably request for the purpose of preventing the creation of a false market in the securities of the Company,

the Underwriter shall be entitled (but not bound) by notice in writing issued by it to the Company to elect to treat such matter or event as releasing and discharging the Underwriter from its obligations under the Underwriting Agreement and rescind the Underwriting Agreement. Any such notice shall only be served by the Underwriter prior to the Latest Time for Termination.

Upon the giving of notice referred to above, all obligations of the Underwriter hereunder shall cease and determine and no party shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement, save in respect of the above termination clause, provisions regarding fees, indemnity, notices and governing law and jurisdiction and any right or liability accrued before such rescission or termination, have any right against or liability towards any of the other parties arising out of or in connection with the Underwriting Agreement.

If the Underwriter terminates the Underwriting Agreement, the Rights Issue will not proceed. Further announcement(s) will be made if the Underwriting Agreement is terminated by the Underwriter.

CHANGE IN SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the possible changes in the shareholding structure of the Company arising from the Rights Issue which are for illustrative purpose only.

As at the Latest Practicable Date, the Company has 300,000,000 existing Shares in issue. Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date, (ii) immediately upon completion of the Rights Issue (assuming full acceptance by the Qualifying Shareholders); and (iii) immediately upon completion of the Rights Issue

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(assuming, other than the Undertaken Shares pursuant to the Irrevocable Undertakings, nil acceptance by the Qualifying Shareholders and the Underwriter takes up all Rights Shares pursuant to the Underwriting Agreement).

	(i) As at the Latest Practicable Date		(ii) Immediately upon completion of the Rights Issue (assuming full acceptance by the Qualifying Shareholders)		(iii) Immediately upon completion of the Rights Issue (assuming, other than the Undertaken Shares pursuant to the Irrevocable Undertakings, nil acceptance by the Qualifying Shareholders and the Underwriter takes up the Rights Shares pursuant to the Underwriting Agreement)	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Spearhead Leader <i>(Note 1)</i>	209,362,000	69.79	418,724,000	69.79	418,724,000	69.79
Star Glide <i>(Note 2)</i>	<u>15,638,000</u>	<u>5.21</u>	<u>31,276,000</u>	<u>5.21</u>	<u>31,276,000</u>	<u>5.21</u>
Parties acting in concert	<u>225,000,000</u>	<u>75.00</u>	<u>450,000,000</u>	<u>75.00</u>	<u>450,000,000</u>	<u>75.00</u>
Underwriter <i>(Note 3)</i>	—	—	—	—	75,000,000	12.50
Other Public Shareholders	<u>75,000,000</u>	<u>25.00</u>	<u>150,000,000</u>	<u>25.00</u>	<u>75,000,000</u>	<u>12.50</u>
Total	<u><u>300,000,000</u></u>	<u><u>100.00</u></u>	<u><u>600,000,000</u></u>	<u><u>100.00</u></u>	<u><u>600,000,000</u></u>	<u><u>100.00</u></u>

Notes:

1. Mr. Yang, the chairman of the Board and executive Director, beneficially owns the entire issued share capital of Spearhead Leader. Therefore, Mr. Yang is deemed, or taken to be, interested in 209,362,000 shares of the Company held by Spearhead Leader for the purpose of the SFO.
2. Mr. Feng, the non-executive Director, beneficially owns the entire issued share capital of Star Glide. Therefore, Mr. Feng is deemed, or taken to be, interested in 15,638,000 Shares held by Star Glide for the purpose of the SFO.
3. These scenarios are for illustrative purpose only. Under the Underwriting Agreement, the Underwriter has undertaken that it shall use its reasonable endeavours to ensure that (i) each of the subscribers of the Underwritten Shares procured by it shall be an Independent Third Party; and (ii) none of the subscribers, together with any party(ies) acting in concert with it/them, will hold such number of Underwritten Shares which will trigger a mandatory general offer obligation under the Takeovers Code on the part of such sub-underwriters or subscribers or purchasers and parties acting in concert (within the meaning of the Takeovers Code) with it upon completion of the Rights Issue.

The public float requirements under the Listing Rules shall be fulfilled by the Company at all times. The Company will take all appropriate steps to ensure that sufficient public float be maintained at all times in compliance with Rule 8.08 of the Listing Rules.

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

The Group is principally engaged in design, printing, and distribution of paper cigarette packages in China and to a lesser extent, social product paper packages in China. Hubei Golden Three Gorges Printing Industry Co., Ltd.* (湖北金三峽印務有限公司) (“**Hubei Golden Three Gorges**”), the Group’s primary subsidiary, has been established in China for over 20 years and the Group provides paper cigarette packaging services for key cigarette brands designated by the State Tobacco Monopoly Administration of China. To further strengthen the business development of electronic cigarette, the Group has invested in Shenzhen Haohan Yangtian Technology Co., Ltd.* (深圳浩瀚陽天科技有限公司) (“**Shenzhen Haohan**”), which is engaged in product research and development of electronic cigarettes.

The estimated net proceeds from the Rights Issue after deducting the estimated expenses in relation to the Rights Issue of approximately HK\$176.0 million, of which (i) approximately HK\$119.34 million (equivalent to approximately RMB102 million) is intended for the relocation and establishment of the new production facilities and warehouse of Hubei Golden Three Gorges; (ii) approximately HK\$29.25 million (equivalent to approximately RMB25 million) is intended for the brand development and market expansion of Shenzhen Haohan; (iii) approximately HK\$23.40 million (equivalent to approximately RMB20 million) is intended for the business development of electronic cigarettes; and (iv) the remaining amount for general working capital of the Company, including but not limited to purchase of raw materials for paper cigarette packaging, salaries expenses and other administrative expenses for daily operation of the Group, for the next twelve (12) months after the completion of the Rights Issue.

As the warehouse storage capacity of the existing production facilities of Hubei Golden Three Gorges has been fully utilized, Hubei Golden Three Gorges has been leasing external warehouse. Due to the recent addition of machinery for offset printing and gravure printing, part of second floor of the existing production facilities of Hubei Golden Three Gorges, which was originally used as warehouse, has been demolished for the placement of such machinery, resulting in further shortage of warehouse storage capacity. As the surrounding area of the production facilities of Hubei Golden Three Gorges has been developed into a residential area in recent years, the existing production facilities have limitation to further upgrade its production area for new machineries. Furthermore, the PRC government promotes the urban transformation plan of “Retreat the City and Enter the Park” (退城進園) by encouraging industrial enterprises in the central urban area to relocate to industrial parks. In light of the abovementioned government policy as well as the Group’s need of additional warehouse storage capacity, the Group intends to relocate the production facilities of Hubei Golden Three Gorges to Yichang Free Trade Zone (宜昌自貿區) under the government policy. According to the relocation proposal of Hubei Golden Three Gorges, the new production facilities will comprise three sections, being production centre, warehouse and staff dormitory. The design and construction period of the new production facilities will commence in fourth quarter of 2022, among of which the production centre and warehouse is expected to be completed in fourth quarter of 2023 while the staff dormitory is expected to be completed in second quarter of 2024. The construction of the new production facilities and the relocation will be

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completed by May 2024 and July 2024, respectively. Hubei Golden Three Gorges expects no material impact to its operation and production during the relocation and the new production facilities will provide sufficient warehouse storage capacity after the relocation.

The Company has been expanding its tobacco related business to electronic cigarette segment by leveraging the Company's market network in the tobacco industry and Shenzhen Haohan's technological expertise in electronic cigarette since the capital injection to Shenzhen Haohan in 2021. According to the unaudited financial information of the Group for the six months ended 30 June 2022, the Group incurred approximately RMB13.2 million for the brand development and market expansion for its electronic cigarette business, including expenses for advertisement and promotion activities, and in return Shenzhen Haohan generated revenue of approximately RMB57.6 million from its electronic cigarette business for the six months ended 30 June 2022. Therefore, the Company considers continuous funding to brand development and market expansion of Shenzhen Haohan would create more business opportunities and benefit the Group as a whole.

The Company intends to expand its electronic cigarettes segment by expanding its sales network and/or further investment and acquisition. The Company has been looking for new investment or business opportunities in electronic cigarette industry, including potential acquisition and/or business collaborations with existing industry players in the electronic cigarettes segment. As at the Latest Practicable Date, the Group has not identified any specific targets for any potential investment and has not entered into any agreement in relation to potential new investments or business development. The Company will make further announcements as and when appropriate or required in accordance with the requirements of the Listing Rules if any agreement has been reached.

According to the interim report of the Company for the six months ended 30 June 2022, the Company had cash and cash equivalents of approximately RMB79.9 million as at 30 June 2022. The Company shall maintain sufficient cash and cash equivalents for the ordinary operation of the Group, including but not limited to, purchase of raw materials, payment of utilities and salaries and maintenance expenses. The Directors consider that the remaining cash balance is not sufficient for the use of proceeds as mentioned above, in particular, the financial needs for the relocation and establishment of the new production facilities and warehouse of Hubei Golden Three Gorges. The Directors consider that the Rights Issue could provide immediate funds to the Company for the relocation and establishment of the new production facilities and the business development of the electronic cigarette segment, which will in return further improve the Group's operational efficiency and provide sustainable development of the Group's business.

The Board has considered other fund-raising alternatives before resolving to the proposed Rights Issue, including but not limited to debt financing, placing and open offer. In respect of debt financing, it will result in additional interest burden, higher gearing ratio of the Group and subject the Group to repayment obligations. In addition, debt financing may not be achievable on favourable terms in a timely manner. As for placing of new Shares, it is relatively smaller in scale as compared to fund raising through rights issue and it would lead to immediate dilution in the shareholding interest of the existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company,

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which is not the intention of the Company. As for open offer, while it is similar to a rights issue, offering qualifying shareholders to participate, it does not allow free trading of rights entitlements in the open market unlike a rights issue, which would allow Shareholders to have more flexibility in dealing with the Shares and the nil-paid rights attaching thereto. On the other hand, the Board considers that the Rights Issue, being pre-emptive in nature, will allow all Qualifying Shareholders to participate in the future development of the Company and at the same time offer more flexibility to the Qualifying Shareholders to choose whether to maintain, increase or decrease their respective pro rata shareholdings in the Company by taking up only their respective rights entitlement, acquiring additional rights entitlement or disposing of their rights entitlements in the open market (subject to availability).

In view of the above, the Board considers that it is in the interests of the Company and the Shareholders as a whole to proceed with the Rights Issue to provide existing Shareholders the opportunity to participate in the enlarged capital base of the Company.

FUND RAISING EXERCISE OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities during the twelve (12) months immediately preceding the Latest Practicable Date.

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

Shareholders and potential investors of the Company should note that the Underwriter has the right in certain circumstances to terminate the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the paragraph headed “Termination of the Underwriting Agreement” under the section headed “The Underwriting Agreement” in this Prospectus). Accordingly, the proposed Rights Issue may or may not proceed.

Any Shareholder or other person dealing in the existing Shares and/or the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue are fulfilled or waived (as applicable) (and the date on which the Underwriter’s right of termination and rescission of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the existing Shares and/or the nil-paid Rights Shares. Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).

Shareholders should note that the Shares have been dealt in on an ex-rights basis commencing from Thursday, 22 September 2022 and the dealing in the Rights Shares in the nil-paid form will take place from Thursday, 6 October 2022 to Thursday, 13 October 2022 (both dates inclusive) while the conditions to which the Rights Issue is subject remain unfulfilled. Any Shareholder or other person dealing in Shares up to the date on which all conditions to which the Rights Issue is subject are fulfilled, will accordingly bear the risk that the Rights Issue cannot become unconditional and may not

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proceed. Any Shareholder or other person contemplating selling or purchasing Shares, who is in any doubt about his/her/its position, is recommended to consult his/her/its own professional adviser.

CHANGE IN BOARD LOT SIZE

As at the Latest Practicable Date, the Shares are traded on the Stock Exchange in board lot size of 2,000 Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 2,000 Shares to 4,000 Shares with effect from 9:00 a.m. on Monday, 3 October 2022.

The Change in Board Lot Size will not result in change in the relative rights of the Shareholders.

Pursuant to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by The Hong Kong Exchange and Clearing Limited, the expected value per board lot should be greater than HK\$2,000 taking into account the minimum transaction costs for a securities trade. The Change in Board Lot Size will not result in any change in the relative rights of the Shareholders. The Board is of the opinion that the Change in Board Lot Size is in the interests of the Company and its Shareholders as a whole. Shareholders should take note that Shareholders’ approval is not required for the Change in Board Lot Size.

Based on the theoretical ex-rights price of HK\$0.855 per Share (calculated based on the closing price of HK\$1.110 per Share as quoted on the Stock Exchange as at the Latest Practicable Date), the market value of each existing board lot is HK\$1,710 and the estimated market value of each proposed new board lot is HK\$3,420.

To alleviate the difficulties in trading odd lots of the Shares arising from the change in board lot size of the Shares, the Company has appointed First Shanghai Securities Limited as an agent to provide matching services, on a best effort basis, to the Shareholders who wish to top up or sell their holdings of odd lots of the Shares during the period from 9:00 a.m. on Monday, 3 October 2022 to 4:00 p.m. on Monday, 24 October 2022 (both dates inclusive). Shareholders who wish to take advantage of this service should contact Mr. Benny Fok of First Shanghai Securities Limited at 1903 Wing On House, 71 Des Voeux Road Central, Hong Kong or at telephone number (852) 2532 1911 during office hours (i.e. 8:30 a.m. to 5:30 p.m.) of such period. Holders of the Shares in odd lots should note that matching of the sale and purchase of odd lots of the Shares is on a best effort basis and successful matching of the sale and purchase of odd lots of the Shares is not guaranteed. The Shareholders are recommended to consult their professional advisers if they are in doubt about the above arrangement.

All existing share certificates in board lot of 2,000 Shares will remain good evidence of the legal title to the Shares and continue to be valid for delivery, transfer, trading and settlement purposes. No new share certificates for existing Shareholders will be issued as a result of the change in the board lot size, and therefore no arrangement for free exchange of existing share certificates in board lot size of 2,000 Shares to new share certificate in board lot size of 4,000 Shares is necessary.

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LISTING RULES IMPLICATIONS

As the Rights Issue will increase the number of issued shares of the Company by more than 50%, under Rules 7.19A and 7.27A of the Listing Rules, the Rights Issue is subject to approval of the Independent Shareholders at the EGM by a resolution on which any Controlling Shareholders and their respective associates or, where there are no Controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company, and their respective associates shall abstain from voting in favour of the Rights Issue. At the EGM convened and held on Tuesday, 20 September 2022 at 11:00 a.m., the resolution approving the Rights Issue, the Underwriting Agreement and the transactions contemplated respectively thereunder was duly passed by the Independent Shareholders by way of poll. Spearhead Leader and Star Glide held 209,362,000 Shares and 15,638,000 Shares, representing approximately 69.79% and 5.21% of the issued share capital of the Company, respectively. Mr. Yang beneficially owns the entire issued share capital of Spearhead Leader and Mr. Feng beneficially owns the entire issued share capital of Star Glide. As Spearhead Leader and Mr. Yang are the Controlling Shareholders of the Company and Star Glide (which is wholly owned by Mr. Feng) is a party acting in concert with Spearhead Leader, each of Spearhead Leader, Star Glide, Mr. Yang and Mr. Feng abstained from voting in favour of the resolution relating to the Rights Issue at the EGM.

The Rights issue does not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

ADDITIONAL INFORMATION

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

Yours faithfully
By order of the Board of
Jia Yao Holdings Limited
Yang Yoong An
Chairman and Executive Director

I. FINANCIAL INFORMATION

The consolidated financial statements, together with the accompanying notes to the financial statements, of the Group for the years ended 31 December 2019, 2020 and 2021 and the six months ended 30 June 2022 are disclosed in the following documents which have been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.jiayaoholdings.com>):

- Annual report for the year ended 31 December 2019 (pages 55 to 111):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0508/2020050800821.pdf>
- Annual report for the year ended 31 December 2020 (pages 55 to 105):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0416/2021041600419.pdf>
- Annual report for the year ended 31 December 2021 (pages 64 to 117):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0425/2022042501326.pdf>
- Interim report for the six months ended 30 June 2022 (pages 18 to 38):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0919/2022091900574.pdf>

II. INDEBTEDNESS

As at the close of business on 31 August 2022, being the latest practicable date for the purpose of this indebtedness statement, the Group had outstanding indebtedness comprising bank borrowings of approximately RMB50.0 million and lease liabilities of approximately RMB4.1 million. All the outstanding bank borrowings as at 31 August 2022 was unguaranteed and secured by the pledge of the Group's certain property, plant and equipment, land use rights, investment properties and trade receivables.

As at 31 August 2022, the Group had contracted commitment of property, plant and equipment of approximately RMB0.6 million and no material contingent liabilities.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, normal trade payables and other payables in the ordinary course of business, at the close of business on 31 August 2022, the Group did not have any debt securities issued or outstanding, or authorised or otherwise created but unissued, or any term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, loans, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments, mortgages or charges, material contingent liabilities or guarantees outstanding.

III. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that in the absence of unforeseeable circumstances, taking into account the financial resources available to the Group and the estimated net proceeds from the Rights Issue, the Group will have sufficient working capital for its present requirements for at least the next twelve (12) months following the date of this Prospectus.

IV. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there was no material adverse change in the financial or trading position or outlook of the Group since 31 December 2021 (being the date to which the latest published audited financial statements of the Company were made up) up to and including the Latest Practicable Date.

V. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in design, printing, and distribution of paper cigarette packages in China and to a lesser extent, social product paper packages in China.

In China, despite a strong start in early 2022, the largest COVID-19 outbreak in the country to date, and prolonged lockdowns in some major cities, may disrupt growth momentum, and the country's economy is projected to slow over the full-year period. Nevertheless, as the Chinese government rolls out aggressive policy stimulus to mitigate effects of the economic downturn, growth momentum in China is expected to rebound starting in the second half of the year.

As for the tobacco industry, earlier figures have projected that total profits in the Chinese tobacco market will reach RMB117 billion and that the cigarette label printing market will be worth approximately RMB50 billion in 2023, indicating tremendous potential in the industry. The Group remains cautiously optimistic about both China's economy and the tobacco industry. To strengthen its foothold in the paper cigarette packaging market, the Group will continue to step up its product development efforts and demonstrate its capability to offer onestop services to meet the specific requirements of its customers. An intensified focus will be brought to acquiring new equipment in order to upgrade its technologies, and additional resources allocated to, expanding its sales and marketing capabilities, primarily to strengthen ties and collaboration with existing customers and developing business relationships with new potential clients. The Group will also adjust its tendering approach strategically to focus on mid-range to high-end cigarette packaging in order to win projects with higher margins to protect its profitability.

From its position of strength in the tobacco packaging industry, the Group remains committed to expanding its footprint to new markets in other Chinese cities and capturing forthcoming opportunities.

According to Statista, the Chinese e-cigarette market grew to RMB116 billion in 2021, and it is expected to be close to double in size before the end of 2023. The Group believes that the official release of national standards for e-cigarettes by the Chinese government marks an important milestone for the e-cigarette industry's development in the country, ushering in market access thresholds and national mandatory standards for quality. In addition, since the implementation of China's E-cigarette Management Measures in May 2022, the State Council's administrative department for tobacco monopoly has established a unified national e-cigarette trading management platform, meaning that e-cigarette products that have not passed technical reviews will not be listed for sale, a move that is expected to help the industry to develop in an orderly manner. The Group will continue to devote resources to product upgrades and innovation, with the aim of strengthening its unique brand identity, while at the same time adhering strictly to national regulations for the manufacture of e-cigarette products as it seeks sustainable and long-term development.

In view of the growing market potential of the e-cigarette industry, the Group will continue to seize suitable opportunities and accelerate the expansion of this business segment in order to enhance its market penetration. Following its acquisition of a licence to operate as a tobacco monopoly enterprise, the Group will redouble its efforts to develop its e-cigarette business and strive to enhance productivity and overseas sales. The Group will also seek to further explore the Chinese e-cigarettes market and develop e-cigarette peripheral products.

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

The following is the text of the independent reporting accountant’s assurance report received from Yongtuo Fuson CPA Limited, Certified Public Accountants, the reporting accountants of the Company, in respect of the Group’s unaudited pro forma financial information prepared for the purpose of inclusion in this prospectus.



永拓富信會計師事務所有限公司
YONGTUO FUSON CPA LIMITED

To the directors of Jia Yao Holdings Limited

We have completed our assurance engagement to report on the compilation of the unaudited pro forma financial information of Jia Yao Holdings 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 as at 30 June 2022 and related notes (the “Unaudited Pro Forma Financial Information”) as set out on pages II-4 to II-5 of the prospectus dated 3 October 2022 issued by the Company (the “Prospectus”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Section (B) of Appendix II to the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed rights issue on the basis of one Rights Share for every one existing share of the Company at the close of business on the Record Date (the “Rights Issue”) on the Group’s unaudited consolidated net tangible assets attributable to owners of the Company as at 30 June 2022 as if the Rights Issues had taken place at 30 June 2022. As part of this process, information about the Group’s financial position has been extracted by the Directors from the unaudited condensed consolidated interim financial information of the Company for the six months ended 30 June 2022, on which no audit or review report has been published.

Directors’ Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 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 Circular (“AG7”) 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 requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

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

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

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

- the related 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 accountants' judgment, having regard to the reporting accountants' understanding of the nature of the entity, 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 purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,

Yongtuo Fuson CPA Limited
Certified Public Accountants

Fok Tat Choi
Practicing Certificate Number: P06895
Hong Kong, 3 October 2022

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

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company prepared by the Directors (the “Unaudited Pro Forma Financial Information”) in accordance with paragraph 29 of Chapter 4 of the Listing Rules is set out to illustrate the effect of the Rights Issue on the Group’s unaudited consolidated net tangible assets attributable to the owners of the Company as at 30 June 2022 as if the Rights Issue had been completed on 30 June 2022.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purpose only, based on the judgments, estimates and assumptions of the Directors, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group as at 30 June 2022 or any further dates following the Rights Issue.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited consolidated statement of financial position of the Group as at 30 June 2022, as extracted from published interim report of the Company for the six months ended 30 June 2022, with adjustments described below.

Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2022 <i>RMB'000</i> <i>(Note 1)</i>	Unaudited estimated net proceeds from the Rights Issue <i>RMB'000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after completion of the Rights Issue <i>RMB'000</i>	Unaudited consolidated net tangible assets of the Group per share attributable to owners of the Company as at 30 June 2022 <i>RMB</i> <i>(Note 3)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group per share attributable to owners of the Company immediately after completion of the Rights Issue <i>RMB</i> <i>(Note 4)</i>
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Based on 300,000,000

Rights Shares to be issued
at Subscription Price of
HK\$0.60 per Rights Share

156,956	150,248	307,204	0.52	0.51
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Notes:

1. The unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2022 of approximately RMB156,956,000 is arrived at after deducting other intangible assets of RMB4,610,000 from the consolidated net assets attributable to owners of the Company of RMB161,566,000, which is extracted from the interim report of the Company for the six months ended 30 June 2022.
2. The estimated net proceeds from the Rights Issue of approximately HK\$176,000,000 (equivalent to RMB150,248,000) is calculated based on 300,000,000 Rights Shares to be issued (in the proportion of one (1) Rights Share for every one (1) existing share held as at the Rights Issue record date) at the subscription price of HK\$0.60 per Rights Share, after deduction of the estimated related expenses of approximately HK\$4,000,000 (equivalent to RMB3,415,000), assuming that the Rights Issue had been completed on 30 June 2022.
3. The consolidated net tangible assets attributable to owners of the Company per share as at 30 June 2022 is approximately RMB0.52, which is calculated based on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2022 of approximately RMB156,956,000 divided by 300,000,000 shares in issue as at 30 June 2022.
4. The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per share immediately after completion of the Rights Issue is approximately RMB0.51, which is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after completion of the Rights Issue of approximately RMB307,204,000 divided by 600,000,000 shares, which represents 300,000,000 shares of the Company in issue as at 30 June 2022 and 300,000,000 Rights Shares to be issued, pursuant to the Rights Issue (in the proportion of one (1) Rights Share for every one (1) existing share held as at the Rights Issue record date), assuming that the Rights Issue had been completed on 30 June 2022.
5. No adjustments have been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2022.

1. RESPONSIBILITY STATEMENT

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

2. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately after completion of the Rights Issue (assuming no other change in the number of issued Shares and full acceptance of Rights Shares by all Qualifying Shareholders) are set out as follows:

(i) As at the Latest Practicable Date

<i>Authorised:</i>	<i>HK\$</i>
<u>2,000,000,000</u> Shares	<u>20,000,000</u>
<i>Issued and fully paid:</i>	<i>HK\$</i>
<u>300,000,000</u> Shares	<u>3,000,000</u>

(ii) Immediately after completion of the Rights Issue (assuming no other change in the number of issued Shares and full acceptance of Rights Shares by all Qualifying Shareholders)

<i>Authorised:</i>	<i>HK\$</i>
<u>2,000,000,000</u> Shares	<u>20,000,000</u>
<i>Issued and fully paid:</i>	<i>HK\$</i>
300,000,000 Shares	3,000,000
300,000,000 Rights Shares to be allotted and issued under the Rights Issue	3,000,000
<u>600,000,000</u> Shares in issue immediately following the completion of the Rights Issue	<u>6,000,000</u>

All the existing Shares in issue are fully-paid and rank *pari passu* in all respects including all rights as to dividends, voting and return of capital. The Rights Shares (when allotted, issued and fully-paid) will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the Rights Shares in their fully-paid form will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Rights Shares.

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 Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

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

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

As at the Latest Practicable Date, no share or loan capital of the Company or any members of the Group had been put under option or agreed conditionally or unconditionally to be put under option.

3. DISCLOSURE OF INTERESTS

(a) Director's interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the SFO) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests which they are taken or deemed to have under such provisions of the SFO) or which, pursuant to section 352 of the SFO, have been entered in the register referred to therein, or have been, pursuant to

the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules on the Stock Exchange, notified to the Company and the Stock Exchange were as follows:

(i) *Long positions in the Shares of the Company*

Name of Director	Capacity and nature of interest	Number of Shares held	Percentage of interest
Mr. Yang	Interest of a controlled corporation (<i>Note 1</i>)	209,362,000	69.79%
Mr. Feng	Interest of a controlled corporation (<i>Note 2</i>)	15,638,000	5.21%

(ii) *Long position in the ordinary shares of associated corporation*

Name of Director	Name of associated corporation	Capacity and nature of interest	Number of shares held	Percentage of interest
Mr. Yang	Spearhead Leader Limited	Beneficial owner	1	100%

Notes:

1. Mr. Yang beneficially owns the entire issued share capital of Spearhead Leader Limited. Therefore, Mr. Yang is deemed, or taken to be, interested in 209,362,000 shares of the Company held by Spearhead Leader Limited for the purpose of the SFO. Mr. Yang is the sole director of Spearhead Leader Limited.
2. Mr. Feng beneficially owns the entire issued share capital of Star Glide Limited. Therefore, Mr. Feng is deemed, or taken to be, interested in 15,638,000 Shares held by Star Glide Limited for the purpose of the SFO. Mr. Feng is the sole director of Star Glide Limited.
3. Calculated on the basis of 300,000,000 shares of the Company in issue as at the Latest Practicable Date and without taking into account of the Undertaken Shares.

(b) Substantial shareholders' interests and short positions in shares and underlying shares

As at the Latest Practicable Date, so far as any Directors are aware, the interest or short positions owned by the following parties (other than the Directors or chief executives of the Company) in the Shares, underlying Shares or debentures of the Company which are required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO, or who were, directly or indirectly, interested in 10% or more of the issued voting shares of any member of the Group were as follows:

Name of shareholders	Capacity and nature of interest	Number of Shares held	Percentage of the Company's issued share capital
Spearhead Leader Limited	Beneficial owner	209,362,000	69.79%
Ms. Cai Yaohui	Interest of spouse (Note 1)	209,362,000	69.79%
Star Glide Limited	Beneficial owner	15,638,000	5.21%
Ms. Zhao Yi	Interest of spouse (Note 2)	15,638,000	5.21%

Notes:

- Ms. Cai Yaohui is the spouse of Mr. Yang. Accordingly, Ms. Cai Yaohui is deemed, or taken to be, interested in all shares of the Company in which Mr. Yang is interested in for the purpose of the SFO.
- Ms. Zhao Yi is the spouse of Mr. Feng. Accordingly, Ms. Zhao Yi is deemed, or taken to be, interested in all shares of the Company in which Mr. Feng is interested in for the purpose of the SFO.
- Calculated on the basis of 300,000,000 shares of the Company in issue as at the Latest Practicable Date and without taking into account of the Undertaken Shares.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors, there are no other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares, which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was 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 general meetings of any member of the Group.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any service agreement with any member of the Group which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

5. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware of, none of the Directors or any of their respective associates had any interest in business which competes with or may compete with the business of the Group or has any other conflict of interests which any person has or may have with the Group.

6. LITIGATIONS

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

7. DIRECTORS' INTEREST IN CONTRACTS AND ASSETS

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

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which had since 31 December 2021 (being the date to which the latest published audited financial statements of the Group were made up) been acquired or disposed of by or leased to, or which are proposed to be acquired or disposed of by or leased to, the Group.

8. MATERIAL CONTRACTS

The following contract(s) (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date which are or may be material:

- (i) the investment cooperation agreement dated 29 December 2021 and entered into among Shenzhen Jiayao Biological Technology Co., Ltd.* (深圳市嘉耀生物科技有限公司) (“**Shenzhen Jiayao**”), Mr. Zhan Xingyu* (詹星宇), Mr. Kong Lei* (孔磊) and Shenzhen Haohan Yangtian Technology Co., Ltd.* (深圳浩瀚陽天科技有限公司) (the “**Target Company**”), pursuant to which Shenzhen Jiayao agreed to subscribe for the increased registered capital of the Target Company of RMB14,000,000 at the consideration of RMB14,000,000; and
- (ii) the Underwriting Agreement.

9. EXPERT AND CONSENT

The following is the qualification of the expert who has been named in this Prospectus or has given opinions, letters or advice contained in this Prospectus:

Name	Qualifications
Yongtuo Fuson CPA Limited	Certified Public Accountants

As at the Latest Practicable Date, the above expert had no shareholding, directly or indirectly, in the Company or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company.

As at the Latest Practicable Date, the above expert had no interest, direct or indirect, in the promotion of, or in any assets which since 31 December 2021, the date to which the latest published audited financial statements of the Company were made up, have been acquired or disposed of by or leased to, the Company, or are proposed to be acquired or disposed of by or leased to the Company.

The above expert has given and has not withdrawn its written consent to the issue of this Prospectus, with the inclusion of the references to its name and/or its opinion or report in the form and context in which they are included.

10. PARTIES INVOLVED IN THE RIGHTS ISSUE AND CORPORATE INFORMATION

Headquarter and Principal Place of Business in the PRC	No. 6 Qingdao Road Dongshan Economic Developing District Yichang, Hubei
Principal Place of Business in Hong Kong	Suite 3212, 32nd Floor, Tower One Times Square No. 1 Matheson Street Causeway Bay Hong Kong
Registered office	Third Floor, Century Yard Cricket Square, P.O. Box 902 Grand Cayman, KY1-1103 Cayman Islands
Financial adviser to the Company as to the Rights Issue	INCU Corporate Finance Limited Unit 1402, 14/F. Winsome House 73 Wyndham Street Central, Hong Kong

Legal advisers to the Company as to the Rights Issue	ONC Lawyers 19th Floor, Three Exchange Square 8 Connaught Place Central Hong Kong
Underwriter	First Shanghai Securities Limited 1903 Wing On House 71 Des Voeux Road Central Central Hong Kong
Reporting accountants to the Company as to the Rights Issue	Yongtuo Fuson CPA Limited <i>Certified Public Accountants</i> Unit 1020, 10th Floor, Tower B New Mandarin Plaza 14 Science Museum Road Tsim Sha Tsui East Kowloon, Hong Kong
Principal bankers	China Merchants Bank Yichang Branch No. 18-3 Xi Ling Yi Road, Xi Ling District Yichang, Hubei Hubei Bank Corporation Yichang Branch No. 109 Zhen Zhu Road, Xi Ling District Yichang, Hubei
Hong Kong branch share registrar and transfer office	Union Registrars Limited Suites 3301-04, 33/F. Two Chinachem Exchange Square 338 King's Road North Point Hong Kong

Authorised representatives**Mr. Yang Fan**

Suite 3212, 32nd Floor, Tower One
Times Square
No. 1 Matheson Street
Causeway Bay
Hong Kong

Mr. Wu Hung Wai

Suite 3212, 32nd Floor, Tower One
Times Square
No. 1 Matheson Street
Causeway Bay
Hong Kong

Company secretary**Mr. Wu Hung Wai**

Certified Public Accountants

11. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT**(a) Name and address of the Directors and senior management of the Company****Name****Correspondence Address***Executive Director*

Mr. Yang Yoong An

Suite 3212, 32nd Floor, Tower One
Times Square
No. 1 Matheson Street
Causeway Bay
Hong Kong

Non-executive Directors

Mr. Feng Bin

Suite 3212, 32nd Floor, Tower One
Times Square
No. 1 Matheson Street
Causeway Bay
Hong Kong

Mr. Yang Fan

Suite 3212, 32nd Floor, Tower One
Times Square
No. 1 Matheson Street
Causeway Bay
Hong Kong

Independent non-executive Directors

Mr. Gong Jinjun Suite 3212, 32nd Floor, Tower One
Times Square
No. 1 Matheson Street
Causeway Bay
Hong Kong

Mr. Zeng Shiquan Suite 3212, 32nd Floor, Tower One
Times Square
No. 1 Matheson Street
Causeway Bay
Hong Kong

Mr. Wang Ping Suite 3212, 32nd Floor, Tower One
Times Square
No. 1 Matheson Street
Causeway Bay
Hong Kong

Senior management

Ms. Song Chun No. 6 Qingdao Road
Dongshan Economic Developing District
Yichang, Hubei
China

Mr. Li Shaoan No. 6 Qingdao Road
Dongshan Economic Developing District
Yichang, Hubei
China

Mr. Wu Hung Wai Suite 3212, 32nd Floor, Tower One
Times Square
No. 1 Matheson Street
Causeway Bay
Hong Kong

(b) Profiles of Directors*Executive Director*

Mr. Yang Yoong An (楊詠安) (formerly known as Yang An (楊安)), aged 59, was first appointed as a Director on 5 August 2013, and was redesignated as executive Director from 24 March 2014 to 17 March 2017, as a non-executive Director from 17 March 2017 to 18 February 2019, and as an executive Director since 18 February 2019. Mr. Yang was the Chairman of the Company from 6 June

2014 to 17 March 2017 and has been the Chairman of the Company again since 18 February 2019. Mr. Yang is primarily responsible for overall management and formulation of business strategy of the Group.

Mr. Yang has engaged in various businesses since the 1980s such as trading of fishery products and cigarette-related accessories products.

With the acquisition of the equity interests in Hubei Golden Three Gorges Printing Industry Co., Ltd.* (湖北金三峽印務有限公司) (“**Hubei Golden Three Gorges**”) in 2001, Mr. Yang developed the business of production of cigarette packages in the PRC. In 2010, Mr. Yang became the chairman of Hubei Golden Three Gorges and he has been responsible for the overall day to day management of Hubei Golden Three Gorges.

Since 2012, Mr. Yang has been the vice president of the Hubei Province Guangdong Chamber of Commerce (湖北省廣東商會). Mr. Yang has brought over 10 years of extensive business and management experience in commercial business to the management team of the Company. He currently serves as a director of the subsidiaries of the Company including Giant Harmony Limited, Park Linker Limited, King Gather Limited, Easy Creator Limited and Hubei Golden Three Gorges, and the legal representative of Hubei Golden Three Gorges. Mr. Yang is the father of Mr. Yang Fan, a non-executive Director of the Company.

As at the Latest Practicable Date, Mr. Yang is the beneficial owner of the entire issued capital of Spearhead Leader Limited, which in turn holds 209,362,000 shares representing approximately 69.79% of the issued share capital of the Company.

Non-executive Directors

Mr. Feng Bin (豐斌), aged 52, was appointed as an executive Director of the Company on 24 March 2014 and resigned on 17 March 2017. On 18 February 2019, Mr. Feng Bin was appointed as a non-executive Director of the Company. Mr. Feng Bin is primarily responsible for overseeing the general corporate, financial and compliance affairs of the Group.

Mr. Feng Bin graduated from the Southwestern University of Finance and Economics (西南財經大學) majoring in accounting in June 1992 through higher education self-taught examination. An accountant qualification was conferred on him by Ministry of Finance of the PRC in October 1994. In June 2008, Mr. Feng obtained a self-study undergraduate certificate (Adult Higher Education) in accounting from the Zhongnan University of Economics and Law (中南財經政法大學). In January 2011, Mr. Feng obtained a part-time master degree (professional degree) in executive management business administration from the Tsinghua University (清華大學). Mr. Feng has more than 15 years of experience in the cigarette packaging trading field. From August 1987 to December 1989, Mr. Feng worked at 四川省德昌縣王所鄉政府 (Dechang Wangsuo Township Government*). From December 1989 to July 2002, Mr. Feng worked at 中共德昌縣委辦公室

(Committee Office of Dechang County*), during which Mr. Feng was attached to work at 四川省德昌縣菸葉複烤廠 (Sichuan Dechang Tobacco Redrying Factory*) as a factory manager from June 1996 to February 2001. From October 2005 to June 2008, Mr. Feng served as deputy general manager of 成都今辰科技發展有限公司 (Chengdu Jincheng Sci-Tech. Development Co., Ltd.*). Mr. Feng joined Hubei Golden Three Gorges in March 2001 and was appointed as the chief financial officer and was the deputy general manager when he left Hubei Golden Three Gorges in 2005. Mr. Feng re-joined Hubei Golden Three Gorges in July 2008 as the deputy general manager and has been the general manager of Hubei Golden Three Gorges from February 2012 to December 2016.

As at the Latest Practicable Date, Mr. Feng Bin is the beneficial owner of the entire issued capital of Star Glide Limited, which in turn holds 15,638,000 shares, representing approximately 5.21% of the issued share capital of the Company.

Mr. Yang Fan (楊帆), aged 36, was appointed as a non-executive Director of the Company on 24 March 2014 and resigned on 17 March 2017. On 18 February 2019, Mr. Yang Fan was appointed as a non-executive Director of the Company. Mr. Yang Fan is primarily responsible for overseeing the general corporate, financial and compliance affairs of the Group. Mr. Yang Fan obtained a Bachelor of Arts degree in economics from the University of Cambridge in June 2012. In August 2013, he obtained a Master of Science degree in financial economics from the University of Oxford. Mr. Yang Fan is the son of Mr. Yang, the executive director of the Company. He is a director of Hubei Golden Three Gorges and a non-executive director of Tian Yuan Group Holdings Limited (Stock Code: 6119).

Independent non-executive Directors

Mr. Gong Jinjun (龔進軍) (“**Mr. Gong**”), aged 66, was appointed as an independent non-executive Director on 5 June 2014, a member of the audit committee on 17 March 2017, the chairman of the remuneration committee and a member of the nomination committee on 6 June 2014. Mr. Gong is primarily responsible for overseeing the management independently.

Mr. Gong obtained a bachelor degree in economics and geography from Peking University (北京大學) in July 1982. He was accredited as an engineer by 中華人民共和國建設部 (The Ministry of Construction of People’s Republic of China*) in March 1988. He was also accredited as a senior architectural engineer by 廣東省深圳建築工程技術人員高級職務評審委員會 (Constructional Engineering Technician Senior Title Evaluating Committee of Shenzhen, Guangdong Province*) in December 1994. In April 2001, Mr. Gong received the second class prize of the 廣東省科學技術獎勵 (Guangdong Province Science and Technology Achievements Award*) presented by the 廣東省人民政府 (People’s Government of Guangdong Province*).

Prior to joining the Group, Mr. Gong was a civil servant of the PRC. He was appointed as an engineer by 中華人民共和國建設部 (The Ministry of Construction of People’s Republic of China*) from March 1988 to December 1989. He was then

appointed as a researcher of 深圳市規化與國土資源局地質礦產處 (Shenzhen Municipality Geology and Mineral Resources Department*) in August 2003 and was then appointed as a researcher of 深圳市國土資源和房產管理局物業監管處 (Shenzhen Municipality Land Resources and Housing Administrative Bureau*) in June 2004. Mr. Gong retired in 2006.

Mr. Zeng Shiquan (曾石泉) (“Mr. Zeng”), aged 75, was appointed as an independent non-executive Director on 5 June 2014 and a member of the audit and nomination committees on 5 June 2014. Mr. Zeng is primarily responsible for overseeing the management independently.

Mr. Zeng graduated from the department of economics of Wuhan University (武漢大學) in July 1970. He graduated from Sun Yat-sen University (中山大學) as a postgraduate in political economy in December 1981. He was accredited as a senior economist by 深圳市職稱改革領導小組 (Shenzhen City Job Title Reform Leadership Unit*) in February 1993. Mr. Zeng passed the Training Course for Independent Directors of Listed Companies (上市公司獨立董事培訓班) jointly held by The Securities Association of China (中國證券業協會) and the School of Management, Fudan University (復旦大學管理學院) in July 2003.

From November 2013 to July 2017, Mr. Zeng was an independent director of Shenzhen Kedali Industry Co., Ltd. (深圳市科達利實業股份有限公司), whose shares are listed on the Shenzhen Stock Exchange (Shenzhen Exchange stock code: 002850). From June 2013 to May 2015, Mr. Zeng was appointed as an independent non-executive director of Beijing Enterprises Clean Energy Group Limited (北控清潔能源集團有限公司) (formerly known as Jin Cai Holdings Company Limited (金彩控股有限公司)), whose shares are listed on the Main Board of the Stock Exchange (Stock code: 01250). From January 2016 to February 2016, Mr. Zeng was appointed as an independent non-executive director of Aurum Pacific (China) Group Limited (奧栢中國集團有限公司) whose shares are listed on GEM of the Stock Exchange (Stock code: 08148). Mr. Zeng has been appointed as an independent non-executive Director of StarGlory Holdings Company Limited (榮暉控股有限公司) (formerly known as New Wisdom Holding Company Limited (新智控股有限公司)), shares of which are listed on the GEM of the Stock Exchange (stock code: 08213).

Mr. Wang Ping (王平) (“Mr. Wang”), aged 52, was appointed as an independent non-executive Director on 5 June 2014, the chairman of the audit committee and a member of the remuneration committee on 6 June 2014. Mr. Wang is primarily responsible for overseeing the management independently.

Mr. Wang studied at Nanjing University (南京大學) and received a self-study undergraduate diploma in economic management in December 1993. Mr. Wang obtained a master degree in Business Administration from Sun Yat-Sen University (中山大學) in June 2004. He is a fellow non-practising member of the Chinese Institute of Certified Public Accountants and has over 20 years of experience in corporate finance, audit, accounting and taxation.

Mr. Wang worked at Deloitte Touche Tohmatsu CPA Ltd from September 1999 to August 2002 where he joined as a senior accountant and was later promoted to manager at the audit department. From February 2004 to March 2007, Mr. Wang was employed by China Jishan Holdings Limited (中國稽山控股有限公司), the shares of which are listed on the main board of Singapore Stock Exchange, as the chief financial officer. Mr. Wang worked for EV Capital Pte Ltd. (萬嘉資本私人有限公司) from May 2007 to March 2010 as the vice president. In December 2010, Mr. Wang joined Guang Da (China) Automotive Components Holdings Limited (光大(中國)車輛零部件控股有限公司), a subsidiary of China Vehicle Components Technology Holdings Limited as a senior vice president. Mr. Wang was an executive director and chief financial officer of China First Capital Group Limited (formerly known as China Vehicle Components Technology Holdings Limited), a company listed on the Main Board of the Stock Exchange (stock code: 01269) from April 2014 to December 2015 and from March 2012 to December 2015, respectively.

Mr. Wang was or has been appointed as an independent non-executive director of following companies whose shares are listed on the Main Board of the Hong Kong Stock Exchange: (a) China Hanking Holdings Limited (Stock code: 03788) since February 2011; (b) China Tianrui Group Cement Company Limited (Stock code: 01252) since December 2012; and (c) China Sinostar Group Limited (華星集團有限公司) (formerly known as Shihua Development Company Limited (實華發展有限公司)) (Stock code: 00485) from July 2014 to May 2020.

Further, Mr. Wang was or has been appointed as an independent non-executive director of following companies whose shares are listed on the Shenzhen Stock Exchange: (a) Shenzhen Fuanna Bedding and Furnishing Co. Ltd. (深圳市富安娜家居用品股份有限公司) (Shenzhen Exchange stock code: 002327) from December 2013 to September 2017 and October 2021 to present; (b) Shenzhen Zowee Technology Co., Ltd (深圳市卓翼科技股份有限公司) (Shenzhen Exchange stock code: 002369) from July 2016 to January 2020; and (c) Yunnan Energy New Material Co., Ltd. (雲南恩捷新材料股份有限公司) (Shenzhen Exchange stock code: 002812) from April 2017 to April 2020. Mr. Wang also has been appointed as non-executive director of following companies whose shares are listed on the Shenzhen Stock Exchange: (a) Chongyi Zhangyuan Tungsten Co., Ltd. (崇義章源鎢業股份有限公司) (Shenzhen Exchange stock code: 002378) from May 2017 to May 2020; (b) Sichuan CRUN Co., Ltd (四川川潤股份有限公司) (Shenzhen Exchange stock code: 002272) from August 2017 to March 2019; and (c) Bojun Education Company Limited (博駿教育有限公司) (Stock code: 01758) from September 2016 to September 2019.

Senior Management

Ms. Song Chun (宋春) (“Ms. Song”), aged 53, has been the deputy general manager of Hubei Golden Three Gorges since 18 November 2010 and is responsible for the design, research and development for technology and products. Ms. Song graduated from Guizhou Academy of Arts (貴州藝術專科學校) majoring in arts in July 1993. Ms. Song has over 14 years of experience in design, printing and packaging industry. Before joining the Group, Ms. Song worked as a designer at Shenzhen Jinjia Color Printing Group Co., Ltd. (深圳勁嘉彩印集團股份有限公司) (Shenzhen Exchange stock code: 002191), shares of which are listed on the Shenzhen Stock Exchange, from November 2000 to July 2002. She then joined the Group as a designer from July 2002 until she left the Group to join Shenzhen Jinjia Color Printing Group Co., Ltd. as vice technical director in January 2008. In April 2009, Ms. Song rejoined the Group as the deputy general manager. She was accredited as 全國十佳優秀煙標設計師 (National Top Ten Cigarette Package Designer*) by 中國煙草學會 (China Tobacco Society*) and 中國收藏家協會 (China Association of Collectors*) in 2006.

Mr. Li Shaoan (李少安) (“Mr. Li”), aged 49, is the finance director of Hubei Golden Three Gorges since 17 May 2013 and is responsible for overall financial management. Mr. Li graduated from Hubei College of Finance and Economics (湖北財經高等專科學校, formerly known as 中南財經大學湖北財政分校) majoring in taxation in July 1994. Mr. Li completed the Global Capital Operation Programme held by School of Continuing Education, Tsinghua University (清華大學繼續教育學院) in December 2008. In July 2009, Mr. Li obtained a graduation certificate in accounting from Dongbei University of Finance and Economics (東北財經大學) through online course. Mr. Li became a PRC certified tax agent in November 2008 and a non-practising member of Hubei Institute of Certified Public Accountants (湖北省註冊會計師協會) in December 2009. Mr. Li has over 10 years of experience in the printing industry. Before joining the Group, Mr. Li worked at the finance department of Yichang Xiarun Cooperation Co. Ltd. (宜昌峽潤合作有限公司) from October 1998 to June 2004. Mr. Li held a number of positions at Hubei Golden Three Gorges including the finance manager and deputy finance director from July 2004 to May 2013.

Mr. Wu Hung Wai (吳鴻偉) (“Mr. Wu”), aged 41, has been the chief financial officer and company secretary of the Company since June 2014, responsible for compliance and financial management of the Group. Mr. Wu obtained a bachelor degree in business from the University of Technology, Sydney in October 2003. Mr. Wu is a member of Hong Kong Institute of Certified Public Accountants. Mr. Wu worked in PKF Hong Kong from April 2005 to July 2010 and his last position in PKF Hong Kong was senior supervisor. From October 2010 to January 2013, Mr. Wu worked at Ernst & Young as senior accountant. From August 2013 to February 2014, he worked at Aussco Hong Kong Limited as finance manager. Mr. Wu has over 15 years of experience in auditing, management accounting, financial reporting and company secretarial management.

12. RESTRICTION AFFECTING REMITTANCE OF PROFIT AND CAPITAL

As the Group receive most of its revenue in RMB, which is currently not a freely convertible currency. The PRC government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of the PRC. Under the existing PRC foreign exchange regulations, the foreign exchange disbursements under current accounts (including payment of dividends, trade and service-related foreign exchange) can be paid with self-owned foreign exchange or foreign exchange bought from designated financial institutions for foreign exchange operations without prior approval from PRC foreign exchange administrative department by complying with certain procedural requirements. However, for the foreign exchange disbursements under capital account (such as the repayment of foreign debts and foreign investments), which are required to be registered with or approved by the competent bank or governmental authority according to applicable PRC laws and regulations, such registration or approval shall be obtained before paying the foreign exchange disbursements with self-owned foreign exchange or foreign exchange bought from designated financial institutions for foreign exchange operations.

Save as disclosed above, the Directors are not aware of any other restriction affecting the remittance of profits or repatriation of capital of the Group into Hong Kong from outside Hong Kong.

13. EXPENSES

The expenses in connection with the Rights Issue, including professional fees payable to lawyers, reporting accountants and financial printer, etc., are estimated to be approximately HK\$4 million and will be payable by the Company.

14. BINDING EFFECT

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

15. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents, having attached thereto the written consent referred to in the paragraph headed “9. Expert and Consent” in this appendix, have been registered by the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (Winding up and Miscellaneous Provisions) Ordinance.

16. DOCUMENTS ON DISPLAY

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

- (a) the annual reports of the Group for the three years ended 31 December 2019, 2020 and 2021;
- (b) the interim report of the Company for the six months ended 30 June 2022;
- (c) the letter issued by Yongtuo Fuson CPA Limited regarding the unaudited pro forma financial information of the Group as set out in Appendix II of this Prospectus;
- (d) the material contracts referred to in the paragraph headed “8. Material Contracts” to this appendix;
- (e) the written consent referred to in the paragraph headed “9. Expert and Consent” in this appendix; and
- (f) the Prospectus Documents.

17. MISCELLANEOUS

The English text of this Prospectus shall prevail over the Chinese text in case of any inconsistency.