

THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

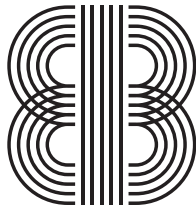
If you are in any doubt as to any aspect of this Prospectus or as to the action you should take, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **E. Bon Holdings Limited**, you should at once hand this Prospectus with the enclosed form of proxy to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no 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 the Prospectus Documents.

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the sub-section headed "15. Documents delivered to the Registrar of Companies" in Appendix III to this Prospectus, has been registered by the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong, The Stock Exchange of Hong Kong Limited and the Securities and Futures Commission of Hong Kong take no responsibility for the contents of any of the Prospectus Documents.

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



E. BON HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

怡邦行控股有限公司

(Stock Code: 599)

**RIGHTS ISSUE ON THE BASIS OF
ONE RIGHTS SHARE FOR EVERY FOUR EXISTING SHARES
HELD ON RECORD DATE**

Underwriter to the Rights Issue



信達國際
CINDA INTERNATIONAL

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

Deals in the Rights Shares in nil-paid form are expected to take place from Friday, 16 December 2022 to Friday, 23 December 2022 (both days inclusive). If the condition of the Rights Issue is not fulfilled or the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Friday, 16 December 2022 to Friday, 23 December 2022 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. 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.

It should be noted that the Underwriting Agreement contains provisions granting the Underwriter the right to terminate the obligations of the Underwriter thereunder on the occurrence of certain events including force majeure. These certain events are set out in the paragraph headed "Termination of the Underwriting Agreement" on pages iv to v of this Prospectus. Shareholders and potential investors of the Company should note that the proposed Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof. If the Underwriting Agreement is terminated by the Underwriter or does not become unconditional, the Rights Issue will not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

The Rights Issue is only underwritten on a best effort and non-fully underwritten basis. The Underwriter has no obligation to and may not subscribe for or procure the subscription of any Rights Shares not being taken up by the Qualifying Shareholders. Pursuant to the Company's constitutional documents and the Companies Act, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfillment of the conditions of the Rights Issue, the Rights Issue will proceed irrespective of the level of acceptance of the provisionally allotted Rights Shares. In the event the Rights Issue is undersubscribed, any Rights Shares not subscribed by the Qualifying Shareholders or transferees of Nil-Paid Rights and not subscribed by other subscribers procured by the Underwriter pursuant to the Underwriting Agreement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. Investors are advised to exercise caution when dealing in the Shares.

The latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares is 4:00 p.m. on Friday, 30 December 2022. The procedures for acceptance and transfer is set out on pages 14 to 15 of this Prospectus.

14 December 2022

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EXPECTED TIMETABLE

The expected timetable for the Rights Issue set out below is for indicative purposes only and it has been prepared on the assumption that the condition 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.

Expected Timetable 2022

First day of dealings in Nil-Paid Rights	9:00 a.m. on Friday, 16 December
Latest time for splitting of the PAL	4:00 p.m. on Tuesday, 20 December
Last day of dealings in Nil-Paid Rights.....	Friday, 23 December
Latest Time for Acceptance of and payment for the Rights Shares and the application and payment for excess Rights Shares.....	4:00 p.m. on Friday, 30 December

2023

Latest Time for Termination of the Underwriting Agreement and for the Rights Issue to become unconditional.....	4:00 p.m. on Tuesday, 3 January
Announcement of allotment results.....	Monday, 9 January
Despatch of certificates for fully-paid Rights Shares and refund cheques, if any, in respect of wholly or partially unsuccessful application for excess Rights Shares.....	Tuesday, 10 January
Expected first day of dealings in fully-paid Rights Shares	9:00 a.m. on Wednesday, 11 January
Designated broker starts to stand in the market to provide matching services for odd lots of Shares	9:00 a.m. on Wednesday, 11 January
Effective date of the new board lot size (in the board lot size of 16,000 Shares).....	9:00 a.m. on Wednesday, 11 January
Designated broker ceases to stand designated broker to provide matching services for odd lots of Shares	4:00 p.m. on Wednesday, 1 February

EXPECTED TIMETABLE

Dates or deadlines specified in expected timetable above or in other parts of this Prospectus are indicative only and may be varied by agreement between the Company. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

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

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

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Friday, 30 December 2022. Instead the latest time for acceptance of and payment for the Rights Shares and application for and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Friday, 30 December 2022. Instead the latest time for acceptance of and payment for the Rights Shares and application for and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for acceptance of and payment for the Rights Shares and application for and payment for excess Rights Shares does not take place on or before 4:00 p.m. on Friday, 30 December 2022, the dates 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 on or before the Latest Time for Termination (provided that if the date of the Latest Time for Termination shall be a Business Day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 5:00 p.m. on that day, the date of the Latest Time for Termination shall be the next business day on which no tropical cyclone warning signal no. 8 or above and no black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 5:00 p.m. on that day):

- (i) in the absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (ii) any material adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (iii) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter shall 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 of member of the Group or the destruction of any material asset of the Group; or

TERMINATION OF THE UNDERWRITING AGREEMENT

- (iv) 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, epidemic, terrorism, strike or lock-out; or
- (v) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole occurs, whether or not ejusdem generis with any of the foregoing; or
- (vi) the Prospectus Documents in connection with the Rights Issue when published contain information (either as to business prospects or the financial condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may in the absolute opinion of the Underwriter is material to the Group as a whole and is likely to affect materially and adversely the success of the Rights Issue or might cause a reasonably prudent investor not to apply for its assured entitlements of Rights Shares under the Rights Issue; or
- (vii) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of any of the Underwriter, a material omission in the context of the Rights Issue; or
- (viii) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten (10) consecutive Business Days occurs, excluding any halt or suspension in connection with the clearance of the Announcement or the Prospectus Documents or other announcements or circulars in connection with the Rights Issue; or
- (ix) any moratorium, suspension or material restriction on trading of the Shares on the Stock Exchange occurs due to exceptional financial circumstances or otherwise,

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

Upon giving of notice pursuant to the Underwriting Agreement, the obligations of the Underwriter and the Company under the Underwriting Agreement shall terminate forthwith provided that the Company shall remain liable to pay to the Underwriter such fees and expenses (other than the underwriting commission) payable by the Company pursuant to the Underwriting Agreement. If the Underwriter exercises such right, the proposed Rights Issue will not proceed.

DEFINITIONS

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

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Announcement”	the announcement of the Company dated 21 October 2022 in relation to, among other things, the Rights Issue and the Change in Board Lot Size
“Articles of Association”	the articles of association of the Company
“associates”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday or Sunday or public holiday or a day on which a tropical cyclone warning signal no. 8 or above or “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 4,000 Shares per board lot to 16,000 Shares per board lot
“Companies Act”	the Companies Act (Revised) of the Cayman Islands
“Company”	E. Bon 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: 599)
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholders”	has the meaning ascribed to it under the Listing Rules
“CWUMPO”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong
“Director(s)”	the director(s) of the Company

DEFINITIONS

“EAF(s)”	the form(s) of application for use by the Qualifying Shareholders who wish to apply for excess Rights Shares, being in such form as may be agreed between the Company and the Underwriter
“Fast Way Management”	Fast Way Management Limited, a company incorporated in the British Virgin Islands with limited liability
“Fast Way Management Undertaking”	the irrevocable undertaking given by Fast Way Management in favour of the Company and the Underwriter, details of which is set out in the paragraph headed “Fast Way Management Undertaking” in this Prospectus
“Group”	the Company and its subsidiaries
“Happy Voice”	Happy Voice Limited, a company incorporated in the British Virgin Islands with limited liability, being a substantial shareholder of the Company
“Happy Voice Undertaking”	the irrevocable undertaking given by Happy Voice in favour of the Company and the Underwriter, details of which is set out in the paragraph headed “Happy Voice Undertaking” in this Prospectus
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, are independent of and not acting in concert or connected with the Company and its connected persons or any of their respective associates
“Irrevocable Undertakings”	collectively, the Universal Star Group Undertaking, the Happy Voice Undertaking, the New Happy Times Undertaking and the Fast Way Management Undertaking
“Last Trading Day”	21 October 2022, being the last full trading day of the Shares on the Stock Exchange prior to the release of the Announcement
“Latest Lodging Time”	4:30 p.m. on Tuesday, 22 November 2022 or such other time and/or date may be agreed between the Underwriter and the Company as the latest time for lodging transfer of the Shares in order to qualify for the Rights Issue

DEFINITIONS

“Latest Practicable Date”	6 December 2022, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information referred to in this Prospectus
“Latest Time for Acceptance”	4:00 p.m. on Friday, 30 December 2022 or such later time and/or date as may be agreed between the Underwriter and the Company, being the latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus Documents
“Latest Time for Termination”	4:00 p.m. on the first Business Day after the Latest Time for Acceptance or such later time or date as may be agreed between the Underwriter and the Company, being the latest time to terminate the Underwriting Agreement
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Happy Times”	New Happy Times Limited, a company incorporated in the British Virgin Islands with limited liability
“New Happy Times Undertaking”	the irrevocable undertaking given by New Happy Times in favour of the Company and the Underwriter, details of which is set out in the paragraph headed “New Happy Times Undertaking” in this Prospectus
“Nil-Paid Rights”	rights to subscribe for Rights Shares (in the form of Rights Shares in nil-paid form) before the Subscription Price is paid
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, based on legal opinions provided by the Company’s legal advisers, consider it necessary or expedient not to offer the Rights Shares to such Shareholders on account either of restrictions under the laws of the relevant place or the requirements of a relevant regulatory body or stock exchange in that place
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong

DEFINITIONS

“PAL(s)”	the renounceable provisional allotment letter(s) in respect of the Rights Issue proposed to be issued to the Qualifying Shareholders
“PRC”	the People’s Republic of China, which for the purpose of this Prospectus, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Property”	Unit C on 4/F formerly known as B1 Building B and Unit D on 4/F formerly known as B2 Building B of Mercantile Industrial & Warehouse Building, No. 16/24 Ta Chuen Ping Street, Kwai Chung, New Territories and including thereto all the fixture and fittings
“Prospectus” or “this Prospectus”	this prospectus to be despatched to the Shareholders in connection with the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL and the EAF
“Prospectus Posting Date”	Wednesday, 14 December 2022, or such other day as may be agreed between the Company and the Underwriter for the despatch of the Prospectus Documents
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholders
“Record Date”	Tuesday, 29 November 2022 or such other date as may be agreed between the Company and the Underwriter in writing for the determination of the entitlements under the Rights Issue
“Registrar”	Tricor Abacus Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, being the Company’s branch share registrar and transfer office in Hong Kong
“Rights Issue”	the proposed issue by way of rights on the basis of one (1) Rights Share for every four (4) existing Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Rights Share(s)”	Shares to be allotted and issued under the proposed Rights Issue on the basis of one (1) Rights Share for every four (4) existing Shares in issue on the Record Date, being up to 150,150,000 Shares based on the Company’s issued share capital as at the Latest Practicable Date

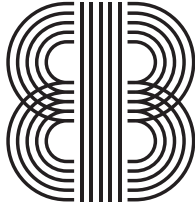
DEFINITIONS

“Scale-down EAF Shares”	such number of Rights Shares applied for as excess application under the EAF(s) which would, if allotted by the Company, result in the incurring of an obligation on part of the relevant Shareholder to make a general offer for the Shares under the Takeovers Code
“Scale-down PAL Shares”	such number of Rights Shares applied for under the PAL(s) which would, if allotted by the Company, result in the incurring of an obligation on part of the relevant Shareholder to make a general offer for the Shares under the Takeovers Code
“Scaling-down”	the scale-down mechanisms of the Rights Issue as determined by the Company to which any application for the Rights Shares, whether under the PALs or EAFs, or transferees of the Nil-paid Rights shall be subject to ensure that no application for the Rights Shares or the allotment thereof by the Company shall be at such level which may incur an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) of the Listing Rules
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.192 per Rights Share
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers (as amended and supplemented from time to time)
“Tse’s Family”	Mr. TSE Sun Fat, Henry, Mr. TSE Sun Wai, Albert, Mr. TSE Sun Po, Tony and Mr. TSE Hon Kit, Kevin
“Underwriter”	Cinda International Capital Limited, a corporation licensed to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

DEFINITIONS

“Underwriting Agreement”	the underwriting agreement dated 21 October 2022 entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Share(s)”	up to 51,778,920 Rights Shares to be underwritten by the Underwriter on a best-effort and non-fully underwritten basis pursuant to the terms and conditions of the Underwriting Agreement
“Universal Star Group”	Universal Star Group Limited, a company incorporated in the British Virgin Islands with limited liability, being a substantial shareholder of the Company
“Universal Star Group Undertaking”	the irrevocable undertaking given by Universal Star Group in favour of the Company and the Underwriter, details of which is set out in the paragraph headed “Universal Star Group Undertaking” in this Prospectus
“Untaken Shares”	such number of Rights Shares (if any) in respect of which duly completed PAL(s) or EAF(s) have not been lodged for acceptance or not fully paid or otherwise rejected on or before the Latest Time for Acceptance, including any Rights Shares to which the Non-Qualifying Shareholders would otherwise have been entitled under the Rights Issue if they were to be Qualifying Shareholders, together with the Scale-down PAL Shares and the Scale-down EAF Shares not being applied (whether validly or otherwise) and/or fully paid for under the EAFs, and unsold aggregation of fractions of Rights Shares
“%”	per cent.

LETTER FROM THE BOARD



E. BON HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

怡邦行控股有限公司

(Stock Code: 599)

Executive Directors:

Mr. TSE Sun Fat, Henry
Mr. TSE Sun Wai, Albert
Mr. TSE Sun Po, Tony
Mr. TSE Hon Kit, Kevin
Mr. LAU Shiu Sun

Registered Office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

Independent non-executive Directors:

Mr. WONG Wah, Dominic
Mr. WAN Sze Chung
Dr. LUK Wang Kwong

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

16th–18th Floors
First Commercial Building
33 Leighton Road
Causeway Bay
Hong Kong

14 December 2022

*To the Qualifying Shareholders,
and for information only, the Non-Qualifying Shareholders*

Dear Sir/Madam,

RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY FOUR EXISTING SHARES HELD ON RECORD DATE

INTRODUCTION

References are made to the Announcement and the announcement of the Company dated 29 November 2022 in relation to, among other things, the Rights Issue and the Change in Board Lot Size.

The Rights Issue is subject to, among other things, the Underwriting Agreement becoming unconditional and not being terminated on the occurrence of certain events as set out in the section headed “Termination of the Underwriting Agreement” in this Prospectus.

The purpose of this Prospectus is to provide you with, among other things, details of the Rights Issue, the financial information of the Group and the general information of the Group.

LETTER FROM THE BOARD

RIGHTS ISSUE

The Company proposes to implement the Rights Issue on the basis of one (1) Rights Share for every four (4) existing Shares held on the Record Date at the Subscription Price of HK\$0.192 per Rights Share, to raise up to approximately HK\$28.8 million before deducting the costs and expenses by way of issuing up to 150,150,000 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) to the Qualifying Shareholders. Qualifying Shareholders are entitled to apply for Rights Shares in excess of their respective entitlements under the Rights Issue.

On 21 October 2022 (after trading hours of the Stock Exchange), the Company entered into the Underwriting Agreement with the Underwriter in respect of the Rights Issue. Further details of the Rights Issue are set out below:

Issue statistics

Basis of the Rights Issue	:	one (1) Rights Share for every four (4) existing Shares held on the Record Date
Subscription Price	:	HK\$0.192 per Rights Share
Net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue)	:	HK\$0.183 per Rights Share (assuming no change in the number of Shares on or before the Record Date and all the Rights Shares will be taken up by the Qualifying Shareholders)
Number of existing Shares in issue at the Latest Practicable Date	:	600,600,000 Shares
Number of Rights Shares to be issued pursuant to the Rights Issue	:	Up to 150,150,000 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Aggregate nominal value of the Rights Shares	:	Up to HK\$15,015,000 (assuming no change in the number of Shares in issue on or before the Record Date and all the Rights Shares will be taken up by the Qualifying Shareholders)
Total number of Shares in issue upon completion of the Rights Issue	:	Up to 750,750,000 Shares (assuming no change in the number of Shares in issue on or before the Record Date and all the Rights Shares will be taken up by the Qualifying Shareholders)
Number of Rights Shares underwritten by the Underwriter	:	Up to 51,778,920 Rights Shares on a best-effort basis

LETTER FROM THE BOARD

- Gross proceeds from the Rights Issue : Up to approximately HK\$28.8 million (assuming no change in the number of Shares in issue on or before the Record Date and all the Rights Shares will be taken up by the Qualifying Shareholders)
- Right of excess applications : Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotment

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

Assuming no change in the number of Shares in issue on or before the Record Date, the maximum number of 150,150,000 Rights Shares to be issued pursuant to the terms of the proposed Rights Issue represents (i) 25% of the total number of issued Shares as at the Latest Practicable Date; and (ii) 20% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares immediately after completion of the Rights Issue.

The Rights Issue is only underwritten on a best-effort and non-fully underwritten basis. The Underwriter has no obligation to and may not subscribe for or procure the subscription of any Rights Shares not being taken up by the Qualifying Shareholders. Pursuant to the Company's constitutional documents and the Companies Act, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfilment or satisfaction of the conditions precedent of the Rights Issue and the Underwriting Agreement, the Rights Issue shall proceed regardless of the ultimate subscription level, and up to 150,150,000 Rights Shares are available to be subscribed subject, however, to any Scaling-down.

In the event the Rights Issue is under-subscribed, any Rights Shares not taken up by the Qualifying Shareholders whether under PAL(s) or EAF(s), or transferees of Nil-Paid Rights, and not subscribed by the Underwriter or subscribers procured by it pursuant to the Underwriting Agreement will not be issued, and hence, the size of the Rights Issue will be reduced accordingly.

Subscription Price

The Subscription Price is HK\$0.192 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for excess Rights Shares under the Rights Issue or when a transferee of Nil-Paid Rights applies for the Rights Shares.

The Subscription Price of HK\$0.192 per Rights Share represents:

- (i) a discount of approximately 20.00% to the closing price of HK\$0.240 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 20.99% to the average of the closing price of HK\$0.243 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day;

LETTER FROM THE BOARD

- (iii) a discount of approximately 17.60% to the theoretical ex-rights price of approximately HK\$0.233 per Share as adjusted for the effect of the Rights Issue, based on the average of the closing price of HK\$0.243 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day;
- (iv) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 4.12%, represented by the theoretical diluted price of approximately HK\$0.233 per Share to the benchmarked price of approximately HK\$0.243 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$0.240 per Share and the average of the closing price of the Shares as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.243 per Share);
- (v) a discount of approximately 75.48% to the audited consolidated net asset value per Share of approximately HK\$0.783 (based on the latest published audited consolidated net asset value of the Group attributable to the Shareholders of approximately HK\$470,521,000 and 600,600,000 Shares as at 31 March 2022); and
- (vi) a discount of approximately 4.95% to the closing price of HK\$0.202 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

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.

The Subscription Price was determined after arm's length negotiation between the Company and the Underwriter with reference to, among others, (i) the market price of the Shares under the prevailing market conditions, and (ii) the reasons for and benefits of proposed Rights Issue as discussed in the section headed "Reasons for and benefits of the proposed Rights Issue and intended use of proceeds" in this Prospectus.

The Subscription Price represents a discount of approximately 75.48% to the net asset value per Share of approximately HK\$0.783 per Share as at 31 March 2022. Given that the Shares had been consistently traded at a substantial discount to the net asset value per Share during the three months up to and including the Last Trading Day ranging from approximately 48.91% on 8 September 2022 to 69.35% on 18 October 2022, 19 October 2022, 20 October 2022 and 21 October 2022, with an average of approximately 56.58%, the Board is of the view that the net asset value per Share may not be a meaningful reference to determine the Subscription Price. In addition, the price of the Shares has been in an overall downward trend during the six months prior to the Last Trading Day. Under the prevailing market conditions and economic sentiment and with reference to the recent market performance of the Shares, the Directors consider that it would be more practical and commercially reasonable to set a subscription price which is lower than the prevailing market price so as to encourage the Shareholders to participate in the Rights Issue.

LETTER FROM THE BOARD

Qualifying Shareholders

The Company will send the Prospectus Documents to the Qualifying Shareholders only. For the Non-Qualifying Shareholders, the Company will send copies of the Prospectus to them for their information only, but no PAL and EAF will be sent to the Non-Qualifying Shareholders. The Rights Issue will only be available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not be a Non-Qualifying Shareholder on the Record Date.

Shareholders whose Shares are held by nominee companies (or which are deposited in CCASS) should note that the Board will regard a nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies (or which are deposited in CCASS) 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 of the Company should consult their professional advisers if they are in doubt.

In order to be registered as members of the Company on the Record Date, a Shareholder must have lodged the relevant transfer(s) of Share(s) (with the relevant share certificates) with the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by no later than the Latest Lodging Time.

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

Rights of Overseas Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. If, at the close of business on the Record Date, a Shareholder's address on the Company's register of members is in a place outside Hong Kong, such Shareholder may not be eligible to take part in the Rights Issue. As at the Latest Practicable Date, there are four Overseas Shareholders with registered addresses situated in the British Virgin Islands.

In compliance with Rule 13.36(2)(a) of the Listing Rules, the Company has made enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders. The Company has obtained advice from legal advisers in the British Virgin Islands and has been advised that there are no restrictions under securities law or other similar laws in the British Virgin Islands or requirement of any regulatory body or stock exchange in the British Virgin Islands which would prevent the Company from extending the Rights Issue to the Overseas Shareholders in the British Virgin Islands. Based upon such advice, the Overseas Shareholders having registered address in the British Virgin Islands will not be excluded from the Rights Issue and shall therefore be the Qualifying Shareholders. Accordingly, the Rights Issue will be extended to such Overseas Shareholders having registered address in the British Virgin Islands.

LETTER FROM THE BOARD

The Company will send the Prospectus (without the PAL and the EAF) and a letter explaining the circumstances in which the Non-Qualifying Shareholders are not permitted to participate in the Rights Issue to the Non-Qualifying Shareholders for their information only.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the Nil-Paid Rights commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses and stamp duty, of more than HK\$100 will be paid pro rata to the Non-Qualifying Shareholders. The Company will retain individual amounts of HK\$100 or less for the benefit of the Company. Any unsold entitlement of Non-Qualifying Shareholders to the Rights Shares and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders will be made available for excess applications by Qualifying Shareholders under the EAF(s).

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.

Closure of register of members

The register of members of the Company was closed from Wednesday, 23 November 2022 to Tuesday, 29 November 2022 (both days inclusive) for determining the Shareholders' entitlements to the Rights Issue.

No transfer of Shares was registered during the above book closure periods.

Basis of provisional allotment

The basis of the provisional allotment shall be one (1) Rights Share for every four (4) existing Shares in issue and held by the Qualifying Shareholders 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.

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

Fractional entitlements to the Rights Shares

No fractional entitlements to the Rights Shares shall be issued to the Shareholders and no entitlements of the Non-Qualifying Shareholders to the Rights Shares shall be issued to the Non-Qualifying Shareholders. All fractions of the Rights Shares shall be rounded down to the nearest whole number of Rights Shares and aggregated and, if a premium (net of expenses) can be achieved, sold in the market by the Company. Any unsold entitlements shall be made available for excess application by the Qualifying Shareholders.

LETTER FROM THE BOARD

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the Shares arising from the Rights Issue, the Company has appointed Cinda International Securities Limited as an agent to provide odd lot 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 to a full new board lot during the period from Wednesday, 11 January 2023 to Wednesday, 1 February 2023 (both dates inclusive). Shareholders 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 such odd lots is not guaranteed. Shareholders who wish to take advantage of this service should contact Mr. Alec Yung of Cinda International Securities Limited at 45/F COSCO Tower, 183 Queen's Road Central, Hong Kong or at telephone number (852) 2235 7148 during office hours (i.e. 9:00 a.m. to 6:00 p.m.) of such period. Shareholders who are in doubt about this service are recommended to consult their professional advisors.

Status of the Rights Shares

The Rights Shares, when allotted and issued, shall rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

Adjustments to entitlements — scale-down mechanism

Pursuant to the Underwriting Agreement, as the Rights Issue is only underwritten by the Underwriter on a best-effort and non-fully underwritten basis, to avoid the unwitting incurring of an obligation to make a general offer for the Shares under the Takeovers Code, all applications for Rights Shares whether under the PAL(s) or the EAF(s), or by transferees of Nil-Paid Rights, or by subscribers procured by the Underwriter will be made on the basis that the applications are to be scaled-down by the Company to a level which does not incur an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) of the Listing Rules. Any subscription monies for the Scale-down PAL Shares or the Scale-down EAF Shares will be refunded to the applicants, and the Scale-down PAL Shares and the Scale-down EAF Shares will be made available for subscription by other Qualifying Shareholders through the EAF(s).

Pursuant to the Scaling-down, such scale-down of applications of Rights Shares shall operate on a fair and equitable basis under the following principles: (a) EAF(s) should be scaled-down before PAL(s); and (b) where the scale-down is necessitated by the exceeding of shareholding by a group of Qualifying Shareholders rather than an individual Qualifying Shareholder, the allocations of EAF(s) and PAL(s) to members of the affected group should be made on a pro rata basis by reference to the number of Shares held by the affected applicants on the Record Date, but for the avoidance of any doubt, any or any such onward allocation(s) shall be subject to the Scaling-down as well.

Investors are advised to exercise caution when dealing in the Shares. There is no minimum amount to be raised under the Rights Issue.

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Application for the Rights Shares

The PALs and the EAFs relating to the Rights Shares will be enclosed with the Prospectus entitling the Qualifying Shareholders to whom it is addressed to subscribe for the Rights Shares as shown therein by completing such form(s) and lodging the same with separate remittance for the Rights Shares being applied for with the share registrar of the Company by the Latest Time for Acceptance.

Procedures for acceptance and payment or transfer

Subscription for all Rights Shares provisionally allotted

A PAL is enclosed with this Prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of Rights Shares shown therein. If a Qualifying Shareholder wishes to accept all the Rights Shares provisionally allotted to him/her/it as specified in the PAL, he/she/it must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance with the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by not later than 4:00 p.m. on Friday, 30 December 2022 (or, under bad weather conditions, such later time and/or date as mentioned in the section headed “Expected timetable — Effect of bad weather or extreme conditions on the Latest Time for Acceptance of and payment for the Rights Shares and application for and payment for excess Right Shares”). All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier’s orders which must be issued by, a licensed bank in Hong Kong and made payable to “**TRICOR TRUST (HONG KONG) LIMITED — A/C NO. 39**” and crossed “**ACCOUNT PAYEE ONLY**”. It should be noted that unless the duly completed PAL, together with the appropriate remittance, have been lodged with the Registrar by not later than 4:00 p.m. on Friday, 30 December 2022, whether by the original allottee or any person in whose favour the provisional allotment has been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled, and the related Rights Shares will be available for excess application by other Qualifying Shareholders under the EAF. The Company may, at its sole and absolute discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require such incomplete PAL to be completed by the relevant applicants at a later stage.

Subscription for only part of Rights Shares provisionally allotted

If a Qualifying Shareholder wishes 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 entire original PAL must be surrendered and lodged for cancellation by not later than 4:00 p.m. on Tuesday, 20 December 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL. It should be noted that stamp duty is payable in connection with a transfer of rights to subscribe for the relevant Rights Shares to the transferee(s) and the acceptance by the transferee(s) of such rights.

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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 cashier's orders accompanying completed PALs will be presented for payment 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 PAL with a cheque or a cashier's order, whether by a Qualifying Shareholder or by any nominated transferee(s), will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

If the 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 "Condition of the Rights Issue" below are not fulfilled by the Underwriter by the Latest Time for Termination or such other date as the Company and the Underwriter may agree, the monies received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in their nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on or before Tuesday, 10 January 2023.

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

Application for excess Rights Shares

Under the proposed Rights Issue, Qualifying Shareholders may apply, by way of excess application, for (i) any unsold entitlements of the Non-Qualifying Shareholder(s); (ii) any unsold fractional entitlements to the Rights Shares; (iii) any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise subscribed for by transferees of the Nil-Paid Rights; and (iv) the Scale-down PAL Shares (if any) and the Scale-down EAF Shares (if any).

Application for excess Rights Shares can be made by the Qualifying Shareholders only and by duly completing and signing an EAF (in accordance with the instructions printed therein) and lodging the same with a separate cheque or banker's cashier order for the sum payable for the excess Rights Shares being applied for with the Registrar no later than 4:00 p.m. on Friday, 30 December 2022.

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The Directors will allocate any excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (i) any excess Rights Shares will be allocated to Qualifying Shareholders who apply for them on a pro rata basis by reference to the number of the excess Rights Shares applied for under each application;
- (ii) no reference will be made to the Rights Shares subscribed through applications by PALs or the existing number of Shares held by Qualifying Shareholders;
- (iii) no preference will be given to applications for topping up odd-lot holdings to whole lot holdings; and
- (iv) 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 any 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.

Shareholders with their Shares held by a nominee company (or which are deposited in CCASS) should note that the Board will regard such nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to the relevant beneficial owners individually save and except for the beneficial owner(s) which the Company may permit in its absolute discretion. Shareholders with their Shares held by a nominee company (or which are held in CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares under their own names on or prior to the Record Date for the purpose of the Rights Issue. Shareholders who would like to have their names registered on the register of members of the Company on the Record Date, must have lodged all necessary documents with the Registrar for registration by no later than the Latest Lodging Time. Shareholders and investors should consult their professional advisers if they are in doubt as to their status.

Application for excess Rights Shares can be made only by duly completing and signing an EAF (in accordance with the instructions printed therein) and lodging the same with a separate cheque or banker’s cashier order for the sum payable for the excess Rights Shares being applied for with the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by not later than 4:00 p.m. on Friday, 30 December 2022 (Hong Kong time) (or, under bad weather conditions, such later time and/or date as mentioned in the section headed “Expected timetable — Effect of bad weather or extreme conditions on the Latest Time for Acceptance of and payment for the Rights Shares and application for and payment for excess Right Shares”). All remittances must be made in Hong Kong dollars by cheques which must be drawn on a bank account with, or by cashier’s orders which must be issued by, a licensed bank in Hong

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Kong and made payable to “**TRICOR TRUST (HONG KONG) LIMITED — A/C NO. 40**” and crossed “**ACCOUNT PAYEE ONLY**”. The Registrar will notify the relevant Qualifying Shareholders of any allotment of excess Rights Shares made to them. An announcement of results of acceptance of and excess applications for the Rights Issue will be published on the websites of the Stock Exchange and the Company on Monday, 9 January 2023.

Shareholders 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, such Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to the relevant beneficial owners individually. HKSCC Nominees Limited will allocate the excess Rights Shares it receives to the relevant CCASS Participants pro rata to the number of excess Rights Shares each has applied for, or in such other manner as HKSCC Nominees Limited considers fair and appropriate which is pursuant to the allocation basis stipulated in Rule 8.10.4(ix) of the CCASS Operational Procedures. The procedures for application for excess Rights Shares shall be in accordance with the General Rules of CCASS, the CCASS Operational Procedures and any other applicable requirements of CCASS.

Investors whose Shares are held by a nominee company (including HKSCC Nominees Limited) are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owners prior to the Record Date. Shareholders and investors should consult their professional advisers if they are in doubt as to their status.

For Shareholders whose Shares are held by a nominee company (including HKSCC Nominees Limited) and would like to have their names registered on the register of members of the Company, all necessary documents must have been lodged with the Registrar at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on Tuesday, 22 November 2022.

Where the number of excess Rights Shares applied for under one EAF is larger than the maximum number of Rights Shares being offered under the Rights Issue, being 150,150,000 Rights Shares, such application (other than from a nominee company) would be treated as invalid and be rejected. If no excess Rights Shares are allotted to a Qualifying Shareholder, the amount tendered on application is expected to be returned by refund cheque to that Qualifying Shareholder in full without interest by ordinary post by the Registrar at his/her/its own risk on or before Tuesday, 10 January 2023. If the number of excess Rights Shares allotted to a Qualifying Shareholder is fewer than that applied for, the surplus application monies are also expected to be returned by refund cheque to that Qualifying Shareholder by ordinary post by the Registrar at his/her/its own risk on or before Tuesday, 10 January 2023.

All cheques or cashier's orders accompanying completed EAFs will be presented for payment 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 with a cheque or a cashier's order will constitute a warranty and representation to the Company that all registration, legal and regulatory requirements of all relevant jurisdictions in connection with the EAF and any acceptance of it have been, or will be, duly complied with. For the avoidance of doubt, neither

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HKSCC nor HKSCC Nominees Limited will give or be subject to any of the above representations and warranties. Completion and return of the EAF together with a cheque or a cashier's order in payment for the excess Rights Shares applied for will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, any EAF in respect of which a cheque or a cashier's order is dishonoured on first presentation is liable to be rejected.

The EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including cheques or cashier's orders for amounts due, will be sent by ordinary post at the risk of the persons entitled thereto to their registered addresses by the Registrar. 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. The Company may require such incomplete EAF to be completed by the relevant applicants at a later stage.

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 "Condition of the Rights Issue" below is not fulfilled by the Underwriter by the Latest Time for Termination or such other date as the Company and the Underwriter may agree, the monies received in respect of application for excess 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 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 or before Tuesday, 10 January 2023.

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

Action to be taken by beneficial owners holding interests in Shares through CCASS

If you are a beneficial owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, and you wish to subscribe for the Rights Shares provisionally allotted to HKSCC Nominees Limited in respect of your Shares, or sell the respective nil-paid Rights Shares or "split" those nil-paid Rights Shares and accept part of the provisional allotment and sell the remaining part, or apply for excess Rights Shares, you should (unless you are a CCASS Participant) contact your Intermediary and provide your Intermediary with instructions or make arrangements with your Intermediary in relation to the applications.

Such instructions and/or arrangements should be given or made in advance of the relevant dates stated in the section headed "Expected Timetable" of this Prospectus and otherwise in accordance with the requirements of your Intermediary in order to allow your Intermediary sufficient time to ensure that your instructions are given effect. The procedure for acceptance, transfer and/or "splitting" by CCASS Participants of the Rights Shares provisionally allotted to CCASS stock accounts in respect of the Shares registered in the name of HKSCC Nominees Limited and the application for excess Rights Shares shall be in accordance with the General Rules of CCASS, the CCASS Operational Procedures and any other requirements of CCASS.

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Beneficial owners who are CCASS Participants should contact CCASS and provide CCASS with instructions or make arrangements with CCASS in relation to the manner in which such beneficial owners' interests in nil-paid Rights Shares should be dealt with and any applications for excess Rights Shares.

Application for listing of the Rights Shares

The Company has made an application to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms. The Nil-Paid Rights and the fully-paid Rights Shares shall be traded in the board lots of 16,000 Shares, being the new board lot size after the Change in Board Lot Size takes effect.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both 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 commencement dates of the dealings in the Rights Shares in both their nil-paid and fully-paid forms or such other dates as may be 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.

Stamp duty and other applicable fees

Dealing in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

It is emphasised that none of the Company, the Directors or any other parties involved in the Rights Issue accepts responsibility for any tax effects or liabilities of holders of the Rights Shares resulting from the purchase, holding or disposal of, or dealing in the Rights Shares in both their nil-paid and fully-paid forms.

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Share certificates and refund cheques for the Rights Issue

Subject to the fulfillment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered addresses at their own risk on or before Tuesday, 10 January 2023. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before Tuesday, 10 January 2023 by ordinary post to the applicants at their own risk, to their registered addresses.

The Irrevocable Undertakings

Universal Star Group Undertaking

As at the Latest Practicable Date, Universal Star Group is beneficially interested in an aggregate of 108,302,488 Shares. Pursuant to the Universal Star Group Undertaking, Universal Star Group has given an irrevocable undertaking in favour of the Company and the Underwriter, that:

- (i) it will subscribe for 27,075,622 Rights Shares which comprise the full acceptance of its provisional entitlement in respect of the 108,302,488 Shares beneficially held by it;
- (ii) it will not dispose of any of the 108,302,488 Shares comprising the shareholding in the Company owned by Universal Star Group as at the date of the Universal Star Group Undertaking, and such Shares will remain beneficially owned by it up to and including the Record Date; and
- (iii) it will lodge or procure its acceptance of the 27,075,622 Rights Shares, which will be the number of Rights Shares provisionally allotted to it nil-paid under the Rights Issue, with the Registrar, with payment in full therefor, by no later than the Latest Time for Acceptance or otherwise in accordance with the instructions set out in the Prospectus Documents.

Happy Voice Undertaking

As at the Latest Practicable Date, Happy Voice is beneficially interested in an aggregate of 73,581,206 Shares. Pursuant to the Happy Voice Undertaking, Happy Voice has given an irrevocable undertaking in favour of the Company and the Underwriter, that:

- (i) it will subscribe for 18,395,301 Rights Shares which comprise the full acceptance of its provisional entitlement in respect of the 73,591,206 Shares beneficially held by it;
- (ii) it will not dispose of any of the 73,581,206 Shares comprising the shareholding in the Company owned by Happy Voice as at the date of the Happy Voice Undertaking, and such Shares will remain beneficially owned by it up to and including the Record Date; and

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- (iii) it will lodge or procure its acceptance of the 18,395,301 Rights Shares, which will be the number of Rights Shares provisionally allotted to it nil-paid under the Rights Issue, with the Registrar, with payment in full therefor, by no later than the Latest Time for Acceptance or otherwise in accordance with the instructions set out in the Prospectus Documents.

New Happy Times Undertaking

As at the Latest Practicable Date, New Happy Times is beneficially interested in an aggregate of 43,659,542 Shares. Pursuant to the New Happy Times Undertaking, New Happy Times has given an irrevocable undertaking in favour of the Company and the Underwriter, that:

- (i) it will subscribe for 10,914,885 Rights Shares which comprise the full acceptance of its provisional entitlement in respect of the 43,659,542 Shares beneficially held by it;
- (ii) it will not dispose of any of the 43,659,542 Shares comprising the shareholding in the Company owned by New Happy Times as at the date of the New Happy Times Undertaking, and such Shares will remain beneficially owned by it up to and including the Record Date; and
- (iii) it will lodge or procure its acceptance of the 10,914,885 Rights Shares, which will be the number of Rights Shares provisionally allotted to it nil-paid under the Rights Issue, with the Registrar, with payment in full therefor, by no later than the Latest Time for Acceptance or otherwise in accordance with the instructions set out in the Prospectus Documents.

Fast Way Management Undertaking

As at the Latest Practicable Date, Fast Way Management is beneficially interested in an aggregate of 37,197,294 Shares. Pursuant to the Fast Way Management Undertaking, Fast Way Management has given an irrevocable undertaking in favour of the Company and the Underwriter, that:

- (i) it will subscribe for 9,299,323 Rights Shares which comprise the full acceptance of its provisional entitlement in respect of the 37,197,294 Shares beneficially held by it;
- (ii) it will not dispose of any of the 37,197,294 Shares comprising the shareholding in the Company owned by Fast Way Management as at the date of the Fast Way Management Undertaking, and such Shares will remain beneficially owned by it up to and including the Record Date; and
- (iii) it will lodge or procure its acceptance of the 9,299,323 Rights Shares, which will be the number of Rights Shares provisionally allotted to it nil-paid under the Rights Issue, with the Registrar, with payment in full therefor, by no later than the Latest Time for Acceptance or otherwise in accordance with the instructions set out in the Prospectus Documents.

LETTER FROM THE BOARD

Save for the Irrevocable Undertakings, as at the Latest Practicable Date, the Company has not received any information from any other Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them.

Condition of the Rights Issue

The Rights Issue is conditional upon the Underwriting Agreement having become unconditional and not being terminated in accordance with the terms thereof.

THE UNDERWRITING AGREEMENT

The Underwriting Agreement

On 21 October 2022 (after trading hours of the Stock Exchange), the Company and the Underwriter entered into the Underwriting Agreement in relation to the underwriting and respective arrangements in respect of the Rights Issue. Principal terms of the Underwriting Agreement are set out below:

Date	:	21 October 2022 (after trading hours of the Stock Exchange)
Underwriter	:	Cinda International Capital Limited, a corporation licensed to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, and its ordinary course of business includes underwriting of securities
		To the best of the Director's knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, 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
Number of Right Shares	:	Up to 150,150,000 Rights Shares
Number of Rights Shares underwritten by the Underwriter	:	Up to 51,778,920 Rights Shares, representing approximately 7.21% of the total number of issued Shares as enlarged by the allotment and issue of the Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date and no Qualifying Shareholders (except Universal Star Group and parties acting in concert with it) take up any of his/her/its entitlements under the Rights Issue)
Underwriting Commission	:	2.5% of the aggregate subscription amount in respect of the Rights Shares actually subscribed by the Underwriter or subscribers procured by it

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The Rights Issue is underwritten by the Underwriter on a best-effort and non-fully underwritten basis pursuant to the terms of the Underwriting Agreement. In view of the prevailing market conditions and the thin trading volume of the Shares, the Board considered that it may be difficult to find an underwriter to underwrite the Rights Issue on a fully-underwritten basis at reasonable costs. On the other hand, if the Rights Issue were to proceed on a non-underwritten basis and if the Rights Issue were to be undersubscribed, the Company may not be able to raise sufficient funds to satisfy its intended use of proceeds for the Rights Issue.

According to the expected timetable, the Company will dispatch the Prospectus Documents on 14 December 2022. After the despatch of the Prospectus Documents to the Shareholders, the Underwriter will commence the process of identifying any sub-underwriters and/or subscribers for the Rights Issue. The Underwriter will approach a number of potential sub-underwriters and introduce the Group's background, businesses and prospects. The Underwriter will also target a group of potential investors and arrange a number of roadshows to collect investors' feedback. During the upcoming roadshows, the Underwriter may conduct investors meetings, analyst presentations, conference calls, etc. as well as prepare questions and answers sessions with management of the Company, investors presentations and investor-focused marketing materials. Marketing materials are circulated to the potential sub-underwriters and delivered to the potential investors. The roadshows are expected to be conducted from 15 December 2022 to 23 December 2022. The Underwriter will then enter into sub-underwriting letters with the sub-underwriters and/or subscription letters with subscribers by 23 December 2022. The Underwriter will ensure that any sub-underwriter procured shall meet the requirement under Rule 7.19 and shall be an Independent Third Party.

The terms of the Underwriting Agreement, including the underwriting commission rate, were determined after arm's length negotiation between the Company and the Underwriter with reference to the existing financial position of the Group, the size of the Rights Issue, and the current and expected market condition. Although the Company did not approach other underwriters for underwriting the Rights Issue, the Company had used its best endeavour to explore the best terms with the Underwriter. The following factors were considered by the Board in selecting the underwriter: (i) the qualification and experience of the underwriter; (ii) the terms of the Rights Issue proposed by the underwriter; and (iii) the terms of the underwriting agreement, including but not limited to the underwriting commission. In determining the rate of underwriting commission, the Company has considered the prevailing market rate of underwriting commission ranging from 1% to 5% with reference to 8 recent transactions announced by companies listed on the Stock Exchange involving rights issue conducted by such companies that are underwritten on a best effort basis during the one-year period from 22 October 2021 to 21 October 2022. Taking into account the relatively small scale of the Rights Issue, the volatile and poor market conditions and the thin trading volume of the Shares, the Board was of the view that the underwriting commission at the rate of 2.5% of the aggregate subscription amount in respect of the Rights Shares actually subscribed by the Underwriter or subscribers procured by it falls within the range of market rate of underwriting commission and therefore is fair and reasonable. The Board also noted that there is no minimum amount of underwriting commission payable by the Company to the Underwriter under the terms of the Underwriting Agreement. The Directors consider the entering into of the Underwriting Agreement with the Underwriter and the terms of the Underwriting Agreement

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(including the underwriting commission) is fair and reasonable and in the interest of the Company and the Shareholders as a whole. None of the Directors has a material interest in the transactions contemplated under the Underwriting Agreement.

Subject to the fulfilment (or any waiver, as the case may be, by the Underwriter) 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 or procure the subscription, on a best-effort and non-fully underwritten basis, for the Underwritten Shares that are not otherwise taken up.

Conditions of the Underwriting Agreement

The Underwriting Agreement is conditional upon the following conditions being fulfilled or waived (as appropriate):

- (i) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the CWUMPO not later than the Prospectus Posting Date;
- (ii) the posting of the Prospectus Documents to the Qualifying Shareholders by the Prospectus Posting Date and the posting of the Prospectus and a letter in the agreed form to the Non-Qualifying Shareholders, if any, for information purposes only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;
- (iii) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and the permission to deal in, the Rights Shares (in their nil-paid and fully-paid forms) by no later than the Business Day prior to the first day of their dealings;
- (iv) the Underwriting Agreement not being terminated or rescinded by the Underwriter pursuant to the terms thereof on or before the Latest Time for Termination;
- (v) the compliance with and performance of all the undertakings and obligations of the Company under the terms of the Underwriting Agreement;
- (vi) there being no event which would have rendered any of the warranties given by the Company under the Underwriting Agreement untrue or incorrect in any material respect occurring prior to the Latest Time for Termination;
- (vii) the Shares remaining listed on the Stock Exchange at all times prior to the settlement date and the listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than 10 trading days at any time prior to the Latest Time for Acceptance;

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- (viii) compliance with the requirements under the applicable laws and regulations of Hong Kong and the Cayman Islands; and
- (ix) the compliance with and performance of all the undertakings and obligations of Universal Star Group, Happy Voice, New Happy Times and Fast Way Management under the Irrevocable Undertakings.

Save for the conditions (v) and (vi) above which can be waived by the Underwriter, none of the above conditions can be waived. If any of the conditions referred to above is not fulfilled, or waived (where applicable) by the Latest Time for Termination, the Rights Issue will not proceed.

Termination of the Underwriting Agreement

If at any time on or before the Latest Time for Termination (provided that if the date of the Latest Time for Termination shall be a Business Day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 5:00 p.m. on that day, the date of the Latest Time for Termination shall be the next business day on which no tropical cyclone warning signal no. 8 or above and no black rainstorm warning signal is or remains hoisted in Hong Kong between 9:00 a.m. and 5:00 p.m. on that day):

- (i) in the absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (ii) any material adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the

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absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or

- (iii) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter shall 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 of member of the Group or the destruction of any material asset of the Group; or
- (iv) 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, epidemic, terrorism, strike or lock-out; or
- (v) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole occurs, whether or not ejusdem generis with any of the foregoing; or
- (vi) the Prospectus Documents in connection with the Rights Issue when published contain information (either as to business prospects or the financial condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may in the absolute opinion of the Underwriter is material to the Group as a whole and is likely to affect materially and adversely the success of the Rights Issue or might cause a reasonably prudent investor not to apply for its assured entitlements of Rights Shares under the Rights Issue; or
- (vii) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of any of the Underwriter, a material omission in the context of the Rights Issue; or
- (viii) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten (10) consecutive Business Days occurs, excluding any halt or suspension in connection with the clearance of the Announcement or the Prospectus Documents or other announcements or circulars in connection with the Rights Issue; or
- (ix) any moratorium, suspension or material restriction on trading of the Shares on the Stock Exchange occurs due to exceptional financial circumstances or otherwise,

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

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Upon giving of notice pursuant to the Underwriting Agreement, the obligations of the Underwriter and the Company under the Underwriting Agreement shall terminate forthwith provided that the Company shall remain liable to pay to the Underwriter such fees and expenses (other than the underwriting commission) payable by the Company pursuant to the Underwriting Agreement. If the Underwriter exercises such right, the proposed Rights Issue will not proceed.

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

The Company is an investment holding company and its subsidiaries are principally engaged in the importing, wholesale, retail and installation of architectural builders' hardware, bathroom, kitchen collections and furniture, and the provision of interior design services, project and contract management in Hong Kong and the People's Republic of China.

As at 30 September 2022, the Group had cash and bank balances of approximately HK\$168.0 million, of which approximately HK\$14.0 million represented prepayments received by the Group from customers that would be utilised by the Group for purchase of inventories from suppliers. With regards to the Group's imminent funding needs, the Group will need (i) approximately HK\$15.0 million for financing the estimated renovation costs and related expenses for setting up a new showroom and warehouse in connection with the Group's kitchen collection and furniture business in the coming 12 months; (ii) approximately HK\$9.9 million for repayment of bank loans that are repayable within 12 months; and (iii) approximately HK\$23.2 million for payment of the balance of the consideration for acquisition of the Property (after deducting the initial deposit of approximately HK\$2.2 million, the further deposit of approximately HK\$2.4 million and the mortgage loan of HK\$18.0 million from the total consideration of HK\$45.8 million for the Property) on 30 November 2022, details of which are set out in the Company's announcements dated 1 August 2022 and 30 November 2022. In view of the adverse impact of the COVID-19 pandemic on the businesses of the Group and the trend of decreasing number of residential units sold in Hong Kong and the PRC amid slow economic recovery and rising interest rates, the Board considers that the business environment will be challenging for the Group in the coming year and therefore it is vital for the Group to maintain sufficient amount of cash and bank balances for financing its day-to-day business operations as well as to have access to additional funding for financing its capital expenditures and repayment of interest-bearing bank loans.

The Group intends to raise additional funding for financing the estimated renovation costs and related expenses for setting up a new showroom and warehouse in connection with the Group's kitchen collection and furniture business, for repayment of bank loans and as general working capital of the Group. The Board has considered various means of fund raising, such as debt financing/bank borrowings and placing of new Shares, before resolving to the Rights Issue. The Company has considered the pros and cons of different fund-raising options. In respect of debt financing, the Board considers that further debt financing would result in additional interest burden of the Group and subject the Group to increased repayment obligations, at a time when interest rates are on a steadily rising trend which is not beneficial to the Group. In addition, debt financing may not be achievable on favourable terms for the Group in a timely manner as it may be subject to lengthy due diligence and negotiations with

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financial institutions and the Group may also be required to pledge its assets and/or other kind of securities to such financial institutions. Placing of new Shares is not adopted as it does not allow the Qualifying Shareholders the right to participate in the fund-raising exercise and their respective shareholdings in the Company would be diluted without being offered an opportunity to maintain their proportionate interests in the Company. In comparison, the Rights Issue is pre-emptive in nature, allowing the Qualifying Shareholders to maintain their respective pro-rata shareholding through their participation in the Rights Issue. The Rights Issue allows the Qualifying Shareholders to (i) increase their respective interests in the shareholdings of the Company by acquiring additional rights entitlement in the open market (subject to the availability); or (ii) reduce their respective interests in the shareholding of the Company by disposing of their rights entitlements in the open market (subject to the market demand). In addition, the Board believes that the Rights Issue will enable the Group to strengthen its capital base and enhance its financial position for business development. As open offer does not allow the trading of rights entitlement, rights issue is preferred.

The gross proceeds from the Rights Issue are expected to be up to approximately HK\$28.8 million. The net proceeds from the Rights Issue (after deducting the estimated expenses) are estimated to be up to approximately HK\$27.5 million (assuming no change in the number of Shares in issue on or before the Record Date and all the Rights Shares will be taken up by the Qualifying Shareholders). The Company intends to apply the net proceeds from the proposed Rights Issue as to (i) approximately HK\$15.0 million for financing the estimated renovation costs and related expenses for setting up a new showroom and warehouse in connection with the Group's kitchen collection and furniture business; (ii) approximately HK\$9.9 million for repayment of bank loans; and (iii) approximately HK\$2.6 million as general working capital of the Group. In the event that (i) there is under-subscription by the Qualifying Shareholders whether under the PAL(s) and/or EAF(s); and (ii) the Underwritten Shares would not be taken up by the Underwriter or subscriber(s) procured by it eventually, the net proceeds of the Rights Issue will be utilized in proportion to the above uses.

The Rights Issue is an offer to existing Shareholders to participate in the enlargement of the capital base of the Company and enables the Shareholders to maintain their proportionate interests in the Company and continue to participate in development of the Company in the future should they wish to do so. However, those Shareholders who do not participate in the Rights Issue to which they are entitled should note that their shareholding interest in the Company will be diluted.

The Directors (including the independent non-executive Directors) consider that, despite any potential dilution impact of the proposed Rights Issue on the shareholding interests of the Shareholders, the terms of the proposed Rights Issue, including the Subscription Price, is fair and reasonable and in the interests of the Company and the Shareholders as a whole, after taking into account the following factors: (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the proposed Rights Issue are able to sell the Nil-Paid Rights in the market; (ii) the proposed Rights Issue allows the Qualifying Shareholders an opportunity to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a relatively low price as compared to the historical market price of the Shares; and (iii) the proceeds from the Rights Issue can fulfil the funding needs of the Group.

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CHANGE IN THE SHAREHOLDING STRUCTURE OF THE COMPANY ARISING FROM THE RIGHTS ISSUE

For illustration purposes only, set out below is the shareholding structure of the Company as at the Latest Practicable Date, and the effect on the shareholding structure of the Company upon completion of the Rights Issue in the manner contemplated under the Underwriting Agreement, is as follow:

	(i) As at the Latest Practicable Date		(ii) Immediately upon completion of the Rights Issue assuming full acceptance by all Qualifying Shareholders under the Rights Issue		(iii) Immediately upon completion of the Rights Issue assuming no acceptance by the Qualifying Shareholders (except Universal Star Group and parties acting in concert with it) under the Rights Issue and the Underwriter takes up all Underwritten Shares (Note 10)	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Universal Star Group <i>(Note 1, 5 & 6)</i>	108,302,488	18.03	135,378,110	18.03	135,378,110	18.85
Happy Voice <i>(Note 2)</i>	73,581,206	12.25	91,976,507	12.25	91,976,507	12.81
New Happy Times <i>(Note 3 & 7)</i>	43,659,542	7.27	54,574,427	7.27	54,574,427	7.60
Fast Way Management <i>(Note 4 & 8)</i>	37,197,294	6.19	46,496,617	6.19	46,496,617	6.48
Universal Star Group and parties acting in concert with it	262,740,530	43.74	328,425,661	43.74	328,425,661	45.74
Underwriter	—	—	—	—	51,778,920	7.21
Other public Shareholders	<u>337,859,470</u>	<u>56.26</u>	<u>422,324,339</u>	<u>56.26</u>	<u>337,859,470</u>	<u>47.05</u>
Total	<u>600,600,000</u>	<u>100.00</u>	<u>750,750,000</u>	<u>100.00</u>	<u>718,064,051</u>	<u>100.00</u>

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Notes:

1. Universal Star Group is an investment holding company incorporated in the British Virgin Islands with limited liability, the issued share capital of which is beneficially owned by Mr. TSE Sun Wai, Albert, Mr. TSE Hon Kit, Kevin and their family. Each of Mr. TSE Sun Wai, Albert and Mr. TSE Hon Kit, Kevin is an executive Director.
2. Happy Voice is company incorporated in the British Virgin Islands with limited liability, all the shareholders of which are relatives of the Tse's Family.
3. New Happy Times is an investment holding company incorporated in the British Virgin Islands with limited liability, the issued share capital of which is beneficially owned by the spouse of Mr. TSE Sun Po, Tony and his family. Mr. TSE Sun Po, Tony, being an executive Director, is deemed to have beneficial interest in the Company.
4. Fast Way Management is an investment holding company incorporated in the British Virgin Islands with limited liability, the issued share capital of which is beneficially owned by Mr. TSE Sun Fat, Henry, being an executive Director, and his spouse.
5. Mr. TSE Sun Wai Albert is a cousin of Mr. TSE Sun Po, Tony and Mr. TSE Sun Fat, Henry, and the father of Mr. TSE Hon Kit, Kevin.
6. Mr. TSE Hon Kit, Kevin is a nephew of Mr. TSE Sun Po, Tony and Mr. TSE Sun Fat, Henry, and the son of Mr. TSE Sun Wai Albert.
7. Mr. TSE Sun Po, Tony is a brother of Mr. TSE Sun Fat, Henry, a cousin of Mr. TSE Sun Wai, Albert, and an uncle of Mr. TSE Hon Kit, Kevin.
8. Mr. TSE Sun Fat, Henry is a brother of Mr. TSE Sun Po, Tony, a cousin of Mr. TSE Sun Wai, Albert, and an uncle of Mr. TSE Hon Kit, Kevin.
9. Universal Star Group, Happy Voice, New Happy Times, Fast Way Management and all of their respective beneficial shareholders are parties acting in concert with each other.
10. Assuming no excess applications are made by Qualifying Shareholders.
11. 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 or purchasers of the Untaken Shares procured by it shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with any Directors, chief executive or substantial Shareholders of the Company or its subsidiaries or any of their respective associates (as defined in the Listing Rules); (ii) the public float requirements under the Listing Rules shall be fulfilled by the Company upon completion of the Rights Issue; and (iii) any subscription or purchase of the Untaken Shares by the Underwriter and each of the subscribers or purchasers procured by the Underwriter shall not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the Underwriter and the subscribers or purchasers procured by the Underwriter upon completion of the Rights Issue.
12. The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the past 12 months immediately prior to the Latest Practicable Date.

LETTER FROM THE BOARD

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

Shareholders and potential investors of the Company should note that the proposed Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated 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” above). Accordingly, the proposed Rights Issue may or may not proceed.

The Shares are expected to be dealt in on an ex-rights basis from Monday, 21 November 2022. Dealings in the Rights Shares in nil-paid form are expected to take place from Friday, 16 December 2022 to Friday, 23 December 2022 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the Nil-Paid Rights.

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). Any Shareholder or other person dealing in the Shares or in the Nil-Paid Rights up to the date on which all the conditions to which the proposed Rights Issue is subject are fulfilled (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the proposed Rights Issue may not become unconditional or may not proceed.

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

LISTING RULES IMPLICATIONS

The Company has not conducted any rights issue or open offer within the 12-month period prior to the Latest Practicable Date. The Rights Issue will not increase the issued share capital or the market capitalisation of the Company by more than 50% and the Rights Issue is not underwritten by a Director, chief executive or substantial shareholder of the Company (or any of their respective associates). Hence, the Rights Issue is not subject to Shareholders’ approval under the Listing Rules and will be carried out in compliance with Rule 7.21(1)(a) of the Listing Rules.

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.

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ADDITIONAL INFORMATION

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

Yours faithfully,
For and on behalf of the Board
E. Bon Holdings Limited
TSE Sun Fat, Henry
Chairman

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for the years ended 31 March 2020, 2021 and 2022 and the six months ended 30 September 2022 are disclosed in the following documents which have been published on the website of the Stock Exchange (<http://www.hkex.com.hk>) and the Company (<http://www.ebon.com.hk>):

- (a) the audited consolidated financial statements of the Group for the year ended 31 March 2020 as set out on pages 96 to 181 of the 2020 annual report of the Company which was posted on 27 July 2020 on the Stock Exchange's website (<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0727/2020072700551.pdf>);
- (b) the audited consolidated financial statements of the Group for the year ended 31 March 2021 as set out on pages 96 to 177 of the 2021 annual report of the Company which was posted on 26 July 2021 on the Stock Exchange's website (<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0726/2021072600958.pdf>);
- (c) the audited consolidated financial statements of the Group for the year ended 31 March 2022 as set out on pages 107 to 189 of the 2022 annual report of the Company which was posted on 27 July 2022 on the Stock Exchange's website (<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0727/2022072700461.pdf>); and
- (d) the unaudited interim condensed consolidated financial information of the Group for the six months ended 30 September 2022 as set out on pages 1 to 15 of the interim results announcement of the Company which was posted on 29 November 2022 on the Stock Exchange's website (<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/1129/2022112901240.pdf>).

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 October 2022, being the latest practicable date for the purpose of ascertaining information contained in this statement of indebtedness prior to the printing of this Prospectus, the details of the Group's indebtedness are as follows:

(1) Borrowings

As at 31 October 2022, the Group had outstanding borrowings of approximately HK\$42.0 million, comprising secured bank borrowings of approximately HK\$38.9 million that is secured by leasehold land and buildings of the Group, and unsecured trust receipt loans of approximately HK\$3.1 million.

(2) Lease liabilities

As at 31 October 2022, the Group had lease liabilities of approximately HK\$39.7 million, which are unsecured and unguaranteed.

(3) Contingent liabilities

As at 31 October 2022, the Group had issued performance bonds of approximately HK\$23.3 million to customers as security of contracts.

Save as aforesaid or otherwise disclosed herein, and apart from any intra-group liabilities and normal trade payables in the ordinary course of the business of the Group, as at the close of business on 31 October 2022, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this Prospectus, the Group did not have (i) debt securities of the Group issued and outstanding, and authorised or otherwise created but unissued, and term loans; (ii) other borrowings or indebtedness in the nature of borrowing of the Group including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments; (iii) mortgages and charges; and (iv) any contingent liabilities or guarantees.

3. WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that, after taking into consideration the financial resources presently available to the Group, including the existing cash and bank balances, and the estimated net proceeds from the Rights Issue, the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this Prospectus.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse changes in the financial or trading position or outlook of the Group since 31 March 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

5. FINANCIAL AND TRADING PROSPECTS

It is unlikely that higher inflation and energy crises caused by war, the continuation of geopolitical tensions, and the fiscal policies adopted by most central banks across major economies that tighten money supplies to curb inflation will be gone soon. On 11 October 2022, the International Monetary Fund set out its world economic outlook, which indicated that global growth is forecasted to slow from 6.0% in 2021 to 3.2% in 2022 and 2.7% in 2023. Although the travel restriction due to the COVID-19 pandemic has to a certain extent been relaxed in many countries, high energy costs and hence travelling costs dampen the recovery of the global hospitality and tourism industry.

Due to the free travel border control policy, the global economy has returned slowly to its pre-pandemic level. China's Zero-Covid approach fuels inflation, disrupts manufacturing and supply chains, triggers some foreign business retreats, and has led to high economic, social, and political costs in a short period. It dampens consumer spending, and the PRC government acknowledged that it was unlikely to hit its original 5.5% growth target this year.

The National Health Commission of the PRC announced on Friday, 11 November 2022 that China would ease some of its COVID-19 rules, such as the requirement of only one negative PRC test (instead of two within 48 hours before boarding) and the quarantine requirement would change from “7 days centralised quarantine + 3 days home health monitoring” to “5 days centralised quarantine + 3 days home quarantine” for close contacts and inbound travellers aimed at better balancing between COVID-19 pandemic prevention and control with economic and social development.

Hong Kong’s economy has shrunk dramatically and has not yet recovered from the COVID-19 pandemic. It is inherently unstable in the face of challenges such as the new coronavirus Omicron variants pandemic that may emerge from time to time as well as the geopolitical tensions, the rise in the unemployment rate, round after round of interest rate hikes and the slowdown of the real estate market. Recently, it has relaxed the restrictive border measures aimed at reconnecting with the world after the fifth wave of the COVID-19 epidemic that hit Hong Kong in the third quarter of this year. However, shortening the quarantine period in Hong Kong for arrivals from China and other countries would not immediately benefit the Hong Kong economy; and only quarantine-free travel would increase the number of inbound travellers to Hong Kong and stimulate its economy.

In the meantime, Hong Kong companies and individuals must strike a balance between carrying out necessary business activities that require cross-border and/or inter-regional travelling on the one hand and managing compliance risks, learning to adapt to changes by deploying flexible work and employment arrangements, identifying cross-border tax, social security and legal issues in order to mitigate risks and costs on the other hand. This increases administrative and management fees for running a business in Hong Kong.

The COVID-19 pandemic and the uncertainty of emerging ever-mutating Omicron variants in the world, heightened geopolitical tensions, elevated inflation, and continued monetary policy tightening in major economies will dampen global demand and add downside risks to asset values. In addition, the rising US interest rates increase Hong Kong’s borrowing costs which would, in turn, affect the prices of property and stocks, dampening consumer sentiment.

Hong Kong Government has indicated that it would increase the land supply gradually and pledged to tackle the housing crisis by providing 30,000 new and temporary flats to tenants waiting for public housing. However, it is expected that the number of residential units in the private sector will remain relatively unchanged for next year. Therefore, if the economy remains weak, further weakening of housing prices would not be ruled out as potential buyers would adopt a wait-and-see attitude. As a result, this would affect the number of residential units to be sold in the coming year.

The mixed uncertain factors affecting the market condition and the global and local economy business environment have posed complex challenges to the Group’s operation. Therefore, after reviewing the Group’s cash flow and capital requirements for the next two years, the Board believed it needed additional funding to cope with uncertainties and serve its business purposes.

Looking beyond the uncertainties, the Group would utilise the network built in the past and explore new opportunities for future development. The Group will continue to be vigilant to changes in the business environment and strive to improve the efficiency of its operations to maintain sustainability.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to equity holders of the Company as at 30 September 2022 (the “**Unaudited Pro Forma Financial Information**”) which has been prepared by the Directors in accordance with Rule 4.29 of the Listing Rules to illustrate the effect of the Rights Issue on the unaudited consolidated net tangible assets of the Group attributable to equity holders of the Company as at 30 September 2022 as if the Rights Issue had taken place on 30 September 2022.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited consolidated net assets of the Group attributable to equity holders of the Company as at 30 September 2022, as extracted from the interim condensed consolidated financial information for the six months ended 30 September 2022 sets out in the published interim results announcement of the Company, after incorporating the unaudited pro forma adjustments described in the accompanying notes.

The Unaudited Pro Forma Financial Information has been prepared by the Directors for illustrative purpose only, based on the judgements and assumptions of the Directors, and because of its hypothetical nature, may not give a true picture of the consolidated net tangible assets of the Group attributable to equity holders of the Company had the Rights Issue been completed as at 30 September 2022 or at any future date.

	Unaudited consolidated net tangible assets of the Group attributable to equity holders of the Company as at 30 September 2022 <i>HK\$'000</i> <i>Note 1</i>	Estimated net proceeds from the Rights Issue <i>HK\$'000</i> <i>Note 2</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity holders of the Company immediately after completion of the Rights Issue <i>HK\$'000</i>	Unaudited pro forma adjusted consolidated net tangible assets per Share attributable to equity holders of the Company immediately after completion of the Rights Issue <i>HK\$</i> <i>Note 3</i>
Based on 150,150,000 Rights Shares to be issued at the Subscription Price of HK\$0.192 per Rights Share	484,478	27,529	512,007	0.68

Notes:

1. The unaudited consolidated net tangible assets of the Group attributable to equity holders of the Company as at 30 September 2022 is extracted from the interim condensed consolidated financial information for the six months ended 30 September 2022 set out in the published interim results announcement of the Company, which is based on the unaudited consolidated net assets of the Group attributable to equity holders of the Company as at 30 September 2022 of approximately HK\$484,478,000.
2. The estimated net proceeds from the Rights Issue are based on 150,150,000 Rights Shares to be issued on the basis of one (1) Rights Share for every four (4) existing Shares at the Subscription Price of HK\$0.192 per Rights Share, after deduction of the estimated related expenses of approximately HK\$1,300,000 which is directly attributable to the Rights Issue to be incurred by the Company.
3. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity holders of the Company per Share is arrived at after adjustments referred to in the preceding paragraphs and 750,750,000 Shares in issue assuming the Rights Issue had taken place on 30 September 2022, which comprises (i) 600,600,000 Shares in issue as at 30 September 2022 before the Rights Issue; and (ii) 150,150,000 Rights Shares to be issued under the Rights Issue.
4. No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets to reflect any trading results or other transactions of the Group entered into subsequent to 30 September 2022.

B. ACCOUNTANT’S REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



羅兵咸永道

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

To the Directors of E. Bon Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of E. Bon Holdings Limited (the “**Company**”) and its subsidiaries (collectively 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 September 2022 and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out on pages II-1 to II-2 of the Company’s prospectus dated 14 December 2022, in connection with the proposed rights issue of the Company (the “**Prospectus**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2 of 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 Group’s financial position as at 30 September 2022 as if the proposed rights issue had taken place at 30 September 2022. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s financial information for the six months ended 30 September 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 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7, *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars*, (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (“**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 behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

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

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed rights issue at 30 September 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 accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, 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 by the Directors on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 14 December 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 Company. 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 full acceptance of the Rights Issue and no further issue or repurchase of Shares from the Latest Practicable Date up to the completion of the Rights Issue) are set out as follows:

(i) As at the Latest Practicable Date:

Authorised:		<i>HK\$</i>
<u>1,000,000,000</u> Shares		<u>100,000,000.00</u>
Issued and fully paid:		
<u>600,600,000</u> Shares		<u>60,060,000.00</u>

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

Authorised:		<i>HK\$</i>
<u>1,000,000,000</u> Shares		<u>100,000,000.00</u>
Issued and fully paid:		
600,600,000 Shares		60,060,000.00
15,150,000 Rights Shares to be allotted and issued under the Rights Issue		15,015,000.00
<u>750,750,000</u> Shares		<u>75,075,000.00</u>

All the Shares in issue are fully-paid and rank pari passu with each other 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 with the Shares then in

issue in all respects. Holders of 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.

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

As at the Latest Practicable Date, the Company (i) had no other outstanding warrants, options or convertible or exchangeable securities in issue which would otherwise confer any right to subscribe for, convert or exchange into existing Shares; (ii) there was no share or loan capital of any member of the Group which was under option, or agreed conditionally or unconditionally to be put under option; and (iii) there were no arrangements under which future dividends are waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS

(i) Directors' and chief executive's interests and short positions in shares and underlying shares

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executives of the Company in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required to be entered in the register referred to therein pursuant to section 352 of the SFO; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 of the Listing Rules, were as follows:

Long and short positions in Shares and underlying Shares

Name of Directors	Nature of interest	Number of Shares held	Approximate percentage of shareholding
Mr. TSE Sun Fat, Henry	Interest of controlled corporation (<i>Note 1</i>)	37,197,294 (L)	6.19%
Mr. TSE Sun Wai, Albert	Interest of controlled corporation (<i>Note 2</i>)	108,302,488 (L)	18.03%
Mr. TSE Sun Po, Tony	Interest of controlled corporation (<i>Note 3</i>)	43,659,542 (L)	7.27%
Mr. TSE Hon Kit, Kevin	Interest of controlled corporation (<i>Note 2</i>)	108,302,488 (L)	18.03%

(L) denotes long position

Notes:

1. The interest in these Shares were held by Fast Way Management. Mr. TSE Sun Fat, Henry and his spouse are the beneficiaries. Mr. TSE Sun Fat, Henry is a director of Fast Way Management.
2. The interest in these Shares were held by Universal Star Group. Mr. TSE Sun Wai, Albert, Mr. TSE Hon Kit, Kevin and their family are the beneficiaries. Each of Mr. TSE Sun Wai, Albert and Mr. TSE Hon Kit, Kevin is a director of Universal Star.
3. The interests in the shares of the Company are held by New Happy Times. The spouse of Mr. TSE Sun Po, Tony and his family are the beneficiaries. He is deemed to have beneficial interest in the Company. Mr. TSE Sun Po, Tony is a director of New Happy Times.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

Save as disclosed above, so far as is known to the Directors, as at the Latest Practicable Date, none of the Directors is a director or employee of a company which had, or was deemed to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(ii) Substantial shareholders' interests and short positions in Shares and underlying Shares

As at the Latest Practicable Date, so far as is known to the Directors, the interest or short positions owned by the following Shareholders (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:

Long and short positions in Shares and underlying Shares

Name of Shareholder	Number of Shares held, capacity and nature of interest				Approximate percentage of shareholding
	Personal interest	Family interest	Corporate interest	Total	
Universal Star Group (<i>Note 1</i>)	—	—	108,302,488 (L)	108,302,488 (L)	18.03%
Happy Voice (<i>Note 2</i>)	—	—	73,581,206 (L)	73,581,206 (L)	12.25%
New Happy Times (<i>Note 3</i>)	—	—	43,659,542 (L)	43,659,542 (L)	7.27%
Fast Way Management (<i>Note 4</i>)	—	—	37,197,294 (L)	37,197,294 (L)	6.19%
Ms. LIM Mee Hwa (<i>Note 5</i>)	4,501,650	500,000	25,453,900 (L)	30,455,550 (L)	5.07%
Mr. YEO Seng Chong (<i>Note 5</i>)	500,000	4,501,650	25,453,900 (L)	30,455,550 (L)	5.07%

(L) denotes long position

Notes:

- The issued share capital of Universal Star Group is beneficially owned by Mr. TSE Sun Wai, Albert, Mr. TSE Hon Kit, Kevin and their family.
- The issued share capital of Happy Voice is beneficially owned by relatives of the Tse's Family.
- The issued share capital of New Happy Times is beneficially owned by the spouse of Mr. TSE Sun Po, Tony and his family.
- The issued share capital of Fast Way Management is beneficially owned by Mr. TSE Sun Fat, Henry and his spouse.
- Ms. Lim owns 4,501,650 Shares directly in her own name and her husband Mr. Yeo owns 500,000 Shares in his own name. Ms. Lim and Mr. Yeo, in aggregate, own the entire shareholding in Yeoman Capital Management Pte Ltd ("YCMPL") and therefore control YCMPL. The total shareholding in the Company held by each of Ms. Lim and Mr. Yeo, comprised of direct shareholding, deemed shareholding through spouse and fully-controlled corporation, is 30,455,550. Each of Ms. Lim and Mr. Yeo is deemed under the SFO to be interested in all the Shares held beneficially and deemed to be beneficially held.

Saved as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any interests or short positions owned by any persons (other than the Directors or chief executives of the Company) in the Shares or underlying Shares of the Company which were 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.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group which is not determinable by the Company within one (1) year without payment of any compensation (other than statutory compensation).

5. DIRECTORS' INTERESTS IN CONTRACT, ASSETS AND ARRANGEMENT OF SIGNIFICANCE

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

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been since 31 March 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

6. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinions or advice which are contained in this Prospectus:

Name	Qualifications
PricewaterhouseCoopers	Certified Public Accountants under the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong) and Registered Public Interest Entity Auditor under the Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)

The above expert has given and confirmed that it has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its letter, report, advice, opinion and/or references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, the above expert did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any Shares, convertible securities, warrants, options or derivatives which carry voting rights in any member of the Group.

As at the Latest Practicable Date, the above expert did not have any interest, either directly or indirectly, in any assets which have been since 31 March 2022 (being the date to which the latest published audited consolidated financial statements of the Company were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

7. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

8. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) has been entered into by the members of the Group within the two years immediately preceding the date of this Prospectus and are or may be material:

- (a) the Underwriting Agreement;
- (b) the preliminary sale & purchase agreement dated 1 August 2022 entered into among Leader New Limited, a wholly-owned subsidiary of the Company, as purchaser, Lucky Star International Industrial Limited, as vendor, and Centaline Property Agency Limited, as property agent, in relation to the acquisition (the “**Acquisition**”) of Unit C on 4/F formerly known as B1 Building B and Unit D on 4/F formerly known as B2 Building B of Mercantile Industrial & Warehouse Building, No. 16/24 Ta Chuen Ping Street, Kwai Chung, New Territories at the consideration of HK\$45,800,000; and
- (c) the formal sale and purchase agreement dated 31 August 2022 entered into between Leader New Limited, as purchaser, and Lucky Star International Industrial Limited, as vendor, in relation to the Acquisition.

9. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective associate(s) was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

10. EXPENSES

The expenses in connection with the Rights Issue, including but not limited to the financial advisory fees, underwriting commission (assuming no change in the number of Shares in issue on or before the Record Date and all the Rights Shares will be taken up by the Qualifying Shareholders), printing, registration, translation, legal and accountancy charges are estimated to be approximately HK\$1.3 million, which are payable by the Company.

11. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Head office and principal place of business in Hong Kong	16th–18th Floors First Commercial Building 33 Leighton Road Causeway Bay Hong Kong
Authorised representatives	Mr. Tse Hon Kit, Kevin 16th–18th Floors First Commercial Building 33 Leighton Road Causeway Bay Hong Kong Mr. Yu Chi Wah 16th–18th Floors First Commercial Building 33 Leighton Road Causeway Bay Hong Kong
Company secretary	Mr. Yu Chi Wah
Underwriter	Cinda International Capital Limited 45/F Cosco Tower 183 Queen's Road Central Hong Kong

Legal advisers to the Company	P. C. Woo & Co. 12/F, Prince's Building 10 Chater Road Central, Hong Kong
Auditor	PricewaterhouseCoopers <i>Certified Public Accountants and Registered Public Interest Entity Auditor</i> 22nd Floor Prince's Building Central Hong Kong
Principal bankers	<i>In Hong Kong:</i> Fubon Bank (Hong Kong) Limited 2/F, Fubon Bank Building 38 Des Voeux Road Central Hong Kong The Hongkong and Shanghai Banking Corporation Limited Level 24, HSBC Main Building 1 Queen's Road Central Hong Kong Nanyang Commercial Bank Limited 3/F, 151 Des Voeux Road Central Hong Kong
Principal share registrar	Suntera (Cayman) Limited Suite 3204, Unit 2A Block 3, Building D P.O. Box 1586 Gardenia Court Camana Bay Grand Cayman KY1-1100 Cayman Islands
Hong Kong branch share registrar and transfer office	Tricor Abacus Limited 17/F, Far East Finance Centre 16 Harcourt Road Hong Kong

12. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. TSE Sun Fat, Henry, aged 66, is the Chairman of the Board. He is a director of seven subsidiaries of the Company. Mr. TSE possesses over 30 years of experience in trading of building materials. He is responsible for the planning of the Group's overall strategies and the overall management of the Group. Mr. TSE is a brother of Mr. TSE Sun Po, Tony, the managing Director of the Company; a cousin of Mr. TSE Sun Wai, Albert, the vice chairman of the Company; and an uncle of Mr. TSE Hon Kit, Kevin, the deputy managing Director of the Company.

Mr. TSE Sun Wai, Albert, aged 72, a founding member of the Group, was appointed as an executive Director and vice chairman of the Company on 21 June 2012. He established his reputation in the industry and has a wealth of experience in brand building, new product development and structuring the management of the Group. Mr. TSE is a cousin of Mr. TSE Sun Fat, Henry, the chairman of the Board and Mr. TSE Sun Po, Tony, the managing Director of the Company; and the father of Mr. TSE Hon Kit, Kevin, the deputy managing Director of the Company.

Mr. TSE Sun Po, Tony, aged 64, is the managing Director of the Company and joined the Group in 1979. He is a director of twenty-seven subsidiaries of the Company. Mr. TSE possesses over 30 years of experience in trading of building materials and is responsible for the retail business of the Group. Mr. TSE also assists in the strategic planning and management of the Group. Mr. TSE is a brother of Mr. TSE Sun Fat, Henry, the chairman of the Board; a cousin of Mr. TSE Sun Wai, Albert, the vice chairman of the Company; and an uncle of Mr. TSE Hon Kit, Kevin, the deputy managing Director of the Company.

Mr. LAU Shiu Sun, aged 54, joined the Group in 1994. Mr. LAU was appointed as an executive Director of the Company on 10 December 2001. He is responsible for project sales. Mr. LAU graduated from Hong Kong Baptist University (formerly Baptist College) in 1992 with a Bachelor's Degree of Science.

Mr. TSE Hon Kit, Kevin, aged 43, is the deputy managing Director of the Company and joined the Group in 2004. He was appointed as an executive Director of the Company on 8 September 2008 and is a director of twenty subsidiaries of the Company. Mr. TSE graduated from University of Toronto with a Bachelor's Degree of Commerce. He is responsible for internal information technology development, the launching of the furniture business and the marketing of products distributed by the Group. Mr. TSE is a nephew of Mr. TSE Sun Fat, Henry, the chairman of the Board and Mr. TSE Sun Po, Tony, the managing Director of the Company; and a son of Mr. TSE Sun Wai, Albert, the vice chairman of the Company.

Independent Non-executive Directors

Mr. WONG Wah, Dominic, aged 73, was appointed as an independent non-executive Director on 19 June 2001. He graduated from the Chinese University of Hong Kong in 1972 with Honours Bachelor's Degree of Social Science in Economics. He was appointed as a director and general manager of Hongkong Ferry (Holdings) Ltd., formerly The Hongkong & Yaumatei Ferry Co., Ltd. until late 1989. He has been actively involved in garment industry and IT business for the last few years.

Mr. WAN Sze Chung, aged 48, was appointed as an independent non-executive Director on 27 September 2004. He obtained a Master Degree in Business Administration with the Chinese University of Hong Kong, a Master of Education (Counselling & Guidance) with University of Newcastle upon Tyne, a Second Bachelor's Degree of Law with Tsinghua University and a Bachelor Degree in Accountancy with the Hong Kong Polytechnic University. He is a member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants and a fellow member of the Hong Kong Institute of Directors. Mr. WAN is an independent non-executive director of Plover Bay Technologies Limited, a company listed on The Stock Exchange of Hong Kong Limited. He is also a director of Jacob Walery Limited specialising in corporate consultancy and training since 1 March 2007 while he is also teaching with various universities and professional institutes.

Dr. LUK Wang Kwong, aged 78, was appointed as an independent non-executive Director on 29 November 2019. He is a chartered engineer, chartered arbitrator, and a Barrister-at-Law in Hong Kong and in England and Wales. He received his Bachelor of Science in Engineering, Master of Science in Engineering, and Doctor of Philosophy degrees from the University of Hong Kong in 1966, 1968 and 1982 respectively; a Professional Engineer degree from the Columbia University in the City of New York in 1976; a Master of Business Administration degree from the Chinese University of Hong Kong in 1980; a Bachelor of Laws degree from the University of London in 1987; and a Master of Laws in Arbitration and Dispute Resolution degree from the City University of Hong Kong in 1994. Dr. LUK was a past President of the Hong Kong Institution of Engineers (2000–2001) and a member of the Building Ordinance Appeal Tribunal in Hong Kong (1995–2010). Dr. Luk is a fellow of the Institution of Structural Engineers, the Institution of Civil Engineers, the Hong Kong Institution of Engineers, the Chartered Institution of Arbitrators and the Hong Kong Institute of Arbitrators. Currently, he is an adjunct professor of the Technological and Higher Education Institute of Hong Kong, and Jiangxi University of Finance and Economics in the People's Republic of China, an Honorary Fellow of HKU School of Professional and Continuing Education and the chairman of Asian Construction Management Association.

Senior management

Mr. AU Lai Chuen, Hercules, aged 65, joined the Group in 1982. Mr. AU is a sales director of project sales division. He possesses over 30 years of experience in the building materials industry and is responsible for project related sales and marketing activities.

Mr. LEE Ka Ming, Clement, aged 47, joined the Group in 1994. Mr. LEE is a deputy general manager of project sales division. He possesses over 20 years of experience in building materials industry and is responsible for project sales.

The business address of the Directors and the senior management is the same as the Company's principal place of business at 16th–18th Floors, First Commercial Building, 33 Leighton Road, Causeway Bay, Hong Kong.

13. AUDIT COMMITTEE

As at the Latest Practicable Date, the audit committee of the Board comprises three members, namely Mr. Wan Sze Chung (chairman of the audit committee), Dr. Luk Wang Kwong and Mr. Wong Wah, Dominic, being the independent non-executive Directors. The primary duties of the audit committee include the review of the Group's financial reporting process and the internal control systems as well as risk management of the Group.

14. BINDING EFFECT

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

15. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents and the written consent as referred to in the paragraph headed "6. Expert and consent" in this appendix, have been registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the CWUMPO.

16. MISCELLANEOUS

- (a) The company secretary of the Company is Mr. Yu Chi Wah, who is a member of the Hong Kong Institute of Certified Public Accountants.
- (b) The business address of the Directors, senior management and the company secretary of the Company is the same as the head office and principal place of business of the Company in Hong Kong at 16th–18th Floors, First Commercial Building, 33 Leighton Road, Causeway Bay, Hong Kong.
- (c) The Company's Hong Kong branch share registrar is Tricor Abacus Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

- (d) As at the Latest Practicable Date, to the best knowledge of the Directors, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (e) This Prospectus and the accompanying PAL and EAF have been prepared in both English and Chinese. In the case of any inconsistency, the English text shall prevail over their respective Chinese text.

17. DOCUMENTS ON DISPLAY

The following documents are available on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (<http://www.ebon.com.hk>) for a period of 14 days from the date of this Prospectus:

- (a) the memorandum and articles of association of the Company;
- (b) the annual reports of the Company for the years ended 31 March 2020, 2021 and 2022 and the interim results announcement of the Company for the six months ended 30 September 2022;
- (c) the report from PricewaterhouseCoopers on the unaudited pro forma financial information of the Group as set out in appendix II to this Prospectus;
- (d) the material contract referred to in the section headed “Material contract” in this appendix;
- (e) the written consent of the expert as referred to in the section headed “Expert and consent” in this appendix; and
- (f) the Prospectus Documents.