
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 stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Dragon Rise Group Holdings Limited, you should at once hand the Prospectus Documents to the purchaser or the transferee, or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

A copy of each of the Prospectus Documents, together with the documents specified in the paragraph headed "15. Documents delivered to the Registrar of Companies in Hong Kong" in Appendix III to this prospectus, have been registered with 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 Securities and Futures Commission of Hong Kong, The Stock Exchange of Hong Kong Limited and the Registrar of Companies in Hong Kong take no responsibility for the contents of any of these documents.

Dealings in the securities of the Company may be settled through CCASS and you should consult a stockbroker or other registered dealer 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.

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 of Hong Kong Limited 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 of Hong Kong Limited on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and HKSCC 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.

Shareholders with registered addresses in any jurisdiction outside Hong Kong or beneficial owners of the Shares who are residents outside Hong Kong should refer to the important information set out in the section headed "Notices" and the paragraph headed "Rights of Overseas Shareholders and Non-Qualifying Shareholders" under the section headed "Letter from the Board" in this prospectus.

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong and the distribution of this prospectus into jurisdictions other than Hong Kong may be restricted by law. Persons who come into possession of this prospectus (including, without limitation, agents, custodians, nominees and trustees) should acquaint themselves with and observe any such restrictions. Any failure to comply with those restrictions may constitute a violation of the securities laws of any such jurisdiction for which the Company will not accept any liability. In particular, subject to certain exceptions as determined by the Company, the Prospectus Documents should not be distributed, forwarded to or transmitted in, into or from any jurisdiction where such release or distribution might be unlawful.

Dragon Rise Group Holdings Limited

龍昇集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6829)

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

Financial Adviser to the Company



Grande Capital limited

Underwriters of the Rights Issue



Fame Circle Limited

Head & Shoulders Securities Limited

Terms in this cover page have the same meanings as defined in this prospectus.

The latest time for acceptance of and payment for the Rights Shares is at 4:00 p.m. on Thursday, 12 December 2024. The procedures for application and payment for the Rights Shares are set out on pages 16 and 17 of this prospectus.

It should be noted that the Placing Agreement and the Underwriting Agreement contain provisions granting the Placing Agent and the Underwriters the right to terminate the obligations of the Placing Agent and the Underwriters respectively thereunder on the occurrence of certain events including force majeure. These certain events are set out in the paragraphs headed "Termination of the Placing Agreement" and "Termination of the Underwriting Agreement" in the Letter from the Board. If the Placing Agreement or the Underwriting Agreement is terminated by the Placing Agent or the Underwriters respectively, or does not become unconditional, the Rights Issue will not proceed.

Dealings in the Rights Shares in nil-paid form are expected to take place from Monday, 2 December 2024 to Monday, 9 December 2024 (both days inclusive). If the condition of the Rights Issue is not fulfilled or the Underwriting Agreement is terminated by the Underwriters, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Monday, 2 December 2024 to Monday, 9 December 2024 (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.

28 November 2024

NOTICES

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among other things, the fulfilment of the conditions contained in the Underwriting Agreement and the Underwriters not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the section headed “Termination of the Underwriting Agreement” of this prospectus). Accordingly, the Rights Issue may or may not proceed.

The Shares were dealt in on an ex-rights basis from Friday, 15 November 2024. Dealings in the Rights Shares in nil-paid form are expected to take place from Monday, 2 December 2024 to Monday, 9 December 2024 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or the Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

Any party who is in 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 Shares until all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriters’ right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that if the Underwriters terminate the Underwriting Agreement, or the Underwriting Agreement does not become unconditional, the Rights Issue will not proceed.

DISTRIBUTION OF THE PROSPECTUS DOCUMENTS

Distribution of the Prospectus Documents (including this prospectus) in jurisdictions other than Hong Kong may be restricted by law. Persons (including, without limitation, Shareholders and beneficial owners of the Shares, agents, custodians, nominees and trustees) in possession of the Prospectus Documents should inform themselves of and observe any such restrictions. Any failure to comply with those restrictions may constitute a violation of the securities laws of any such jurisdiction. This prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to the nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful. This prospectus has not been lodged or registered with any of the relevant authorities in any jurisdiction other than Hong Kong.

None of the Prospectus Documents will be registered under the securities laws of any jurisdiction other than Hong Kong and none of the Prospectus Documents will qualify for distribution under any of the relevant securities laws of any of the jurisdictions other than Hong Kong (save for any applicable exceptions as agreed by the Company). Accordingly, the Rights Shares in both nil-paid and fully-paid forms may not be offered, sold, pledged, taken up, resold, renounced, transferred or delivered, directly or indirectly, into or within any jurisdictions other than Hong Kong absent registration or qualification under the respective securities laws of such jurisdictions other than Hong Kong, or exemption from the registration or qualification requirement under applicable rules of such jurisdictions.

NOTICES

Shareholders with registered addresses in, and investors who are located or resident in, any of the jurisdictions other than Hong Kong should refer to the paragraph headed “Rights of Overseas Shareholders and Non-Qualifying Shareholders” under the section headed “Letter from the Board” in this prospectus. For a description of certain restrictions regarding the taking up of the nil-paid Rights Shares for, and the offering and sale of, the Rights Shares in jurisdictions other than Hong Kong, please see the notices below.

FORWARD-LOOKING STATEMENTS

All statements in this prospectus other than statements of historical fact are forward-looking statements. In some cases, forward-looking statements may be identified by the use of words such as “might”, “may”, “could”, “would”, “will”, “expect”, “intend”, “estimate”, “anticipate”, “believe”, “plan”, “seek”, “continue”, “illustration”, “projection” or similar expressions and the negative thereof.

Forward-looking statements in this prospectus include, without limitation, statements in respect of the Group’s business strategies, product offerings, market position, competition, financial prospects, performance, liquidity and capital resources, as well as statements regarding trends in the relevant industries and markets in which the Group operates, technological advances, financial and economic developments, legal and regulatory changes and their interpretation and enforcement.

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

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

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DEFINITIONS

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

“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“Announcement”	the announcement of the Company dated 13 September 2024 in relation to, among other things, the Share Consolidation, the Rights Issue, the Placing Agreement and the Underwriting Agreement
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday, Sunday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as amended from time to time
“Circular”	the circular of the Company dated 18 October 2024 in relation to, among other things, the Share Consolidation, the Rights Issue, the Placing Agreement and the Underwriting Agreement
“Company”	Dragon Rise Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on Main Board of the Stock Exchange
“Compensatory Arrangements”	the arrangement involving the placing of the Unsubscribed Rights Shares, if any, by the Placing Agent on a best-effort basis pursuant to the Placing Agreement in accordance with Rule 7.21(1)(b) of the Listing Rules
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“Consolidated Share(s)”	new ordinary share(s) of par value of HK\$0.10 each in the share capital of the Company immediately after the Share Consolidation becoming effective
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company held on 12 November 2024 at which, among other things, the Share Consolidation, the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder, were approved by the Shareholders or Independent Shareholders (as the case may be)
“Fame Circle”	Fame Circle Limited, a private limited liability company incorporated in the British Virgin Islands and wholly-owned by Mr. Yip, a controlling shareholder of the Company and one of the Underwriters pursuant to the Underwriting Agreement
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	Shareholders other than (i) the Underwriters and parties acting in concert with them; (ii) all Directors (excluding the independent non-executive Directors) and their respective associates (as defined under the Listing Rules); (iii) those who are involved in or interested in the Rights Issue, the Placing Agreement and the Underwriting Agreement (as the case may be); and (iv) those who are required under the Listing Rules to abstain from voting at the EGM
“Independent Third Party(ies)”	third party(ies) independent of and not connected (as defined under the Listing Rules) with the Company and connected person(s) of the Company
“Irrevocable Undertaking”	the irrevocable undertaking given by Fame Circle in favour of the Company and described in the paragraph headed “The Irrevocable Undertaking” under the section headed “Rights Issue” in this prospectus
“Last Trading Day”	10 September 2024, being the last full trading day of the Shares on the Stock Exchange immediately prior to the publication of the Announcement

DEFINITIONS

“Latest Placing Time”	4:10 p.m. on Wednesday, 18 December 2024, or such later date and time as the Company may announce, being the latest date and time for the Placing Agent to effect the Compensatory Arrangements
“Latest Practicable Date”	19 November 2024, being the latest practicable date for ascertaining certain information for inclusion in this prospectus
“Latest Time for Acceptance”	4:00 p.m. on Thursday, 12 December 2024, or such other time or date as may be agreed in writing between the Company and the Underwriters, being the latest time for acceptance of and payment for the Rights Shares
“Latest Time for Termination”	4:00 p.m. on Thursday, 19 December 2024, or such other time or date as may be agreed between the Company and the Underwriters in writing, being the latest time to terminate the Underwriting Agreement
“Listing Committee”	has the meaning ascribed thereto under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Yip”	Mr. Yip Yuk Kit, a controlling shareholder of the Company who is also the chairman of the Board, an executive Director and chief executive officer of the Group
“Net Gain”	the aggregate of any premiums (being the aggregate amount paid by the Placees after deducting the aggregate amount of the Subscription Price for the Unsubscribed Rights Shares placed by the Placing Agent under the Placing Agreement) pursuant to the Compensatory Arrangements
“No Action Shareholders”	those Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or their renounces, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed, or Non-Qualifying Shareholders (as the case may be)
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) to whom the Directors, after making enquiries, consider it necessary or expedient not to offer the Rights Shares to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place

DEFINITIONS

“NQS Rights Share(s)”	the Rights Share(s) which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form
“Overseas Shareholder(s)”	Shareholder(s) whose address(es) on the register of members of the Company on the Record Date is(are) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholders for the Rights Issue
“Placee(s)”	professional, institutional or other investor(s), who and whose ultimate beneficial owner(s) shall not be a Shareholder and shall be Independent Third Party(ies) and not acting in concert with the Underwriters and parties acting in concert with them and/or the connected persons of the Company, procured by the Placing Agent and/or its sub-placing agent(s) to subscribe for any of the Unsubscribed Rights Shares pursuant to the Placing Agreement
“Placing”	the placing of a maximum of 55,000,000 Unsubscribed Rights Shares on a best-effort basis by the Placing Agent and/or its sub-placing agent(s) to the Placees on the terms and conditions of the Placing Agreement
“Placing Agent” or “Head & Shoulders”	Head & Shoulders Securities Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 4 (advising on securities) regulated activities under the SFO, being the placing agent appointed by the Company pursuant to the Placing Agreement and one of the Underwriters pursuant to the Underwriting Agreement
“Placing Agreement”	the placing agreement dated 10 September 2024 (after trading hours of the Stock Exchange) entered into between the Company and the Placing Agent in respect of the Compensatory Arrangements, pursuant to which the Placing Agent has agreed to procure the Placees on a best-effort basis to subscribe for the Unsubscribed Rights Shares
“Placing Period”	the period from Tuesday, 17 December 2024 up to 4:10 p.m. on Wednesday, 18 December 2024, or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Compensatory Arrangements
“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 the Taiwan

DEFINITIONS

“Pre-consolidated Share(s)”	the ordinary share(s) of par value of HK\$0.01 each in the share capital of the Company prior to the Share Consolidation having become effective
“Prospectus Documents”	collectively, this prospectus and the PAL
“Prospectus Posting Date”	Thursday, 28 November 2024, or such other date as may be agreed in writing between the Company and the Underwriters, being the date of the Prospectus Documents to be made available and/or sent to the Qualifying Shareholder(s) or this prospectus to be made available and/or sent to the Non-Qualifying Shareholder(s) (as the case may be)
“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear on the register of members of the Company as at the close of business on the Record Date
“Record Date”	Monday, 25 November 2024, being the record date for determining the entitlements of the Shareholders to participate in the Rights Issue
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, being Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong
“Rights Issue”	the proposed issue of 144,000,000 Rights Shares at the Subscription Price by way of rights on the basis of one (1) Rights Share for every one (1) Share held by the Qualifying Shareholders at the close of business on the Record Date on the terms and subject to the conditions set out in Prospectus Documents
“Rights Share(s)”	144,000,000 Rights Shares proposed to be allotted and issued by the Company pursuant to the Rights Issue with an aggregate nominal value of HK\$14,400,000
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“Share Consolidation”	the consolidation of every ten (10) Pre-consolidated Shares of par value of HK\$0.01 each into one (1) Share of par value of HK\$0.10 each in the share capital of the Company, which became effective on 14 November 2024
“Share Option Scheme”	the share option scheme of the Company adopted on 18 January 2018
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	the holder(s) of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.20 per Rights Share
“substantial Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriter(s)”	Fame Circle and Head & Shoulders
“Underwriting Agreement”	the underwriting agreement dated 10 September 2024 entered into among the Company and the Underwriters in relation to the Rights Issue
“Unsubscribed Rights Shares”	those Rights Shares that are not subscribed by the Qualifying Shareholders and the NQS Rights Shares that are not successfully sold by the Company as described in the paragraph headed “Arrangements for the NQS Rights Shares” in this prospectus
“Untaken Rights Shares”	the Unsubscribed Rights Shares which are not placed by the Placing Agent under the Compensatory Arrangements
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent.

EXPECTED TIMETABLE

Set out below is the expected timetable for the Rights Issue which is indicative only. The expected timetable is subject to change, and any such change will be announced in a separate announcement by the Company as and when appropriate.

Event	Time and date (Hong Kong time)
First day of dealing in nil-paid Rights Shares	Monday, 2 December 2024
Latest time for splitting of PAL/nil-paid Rights Shares	4:30 p.m. on Wednesday, 4 December 2024
Last day of dealings in nil-paid Rights Shares	Monday, 9 December 2024
Latest time for lodging transfer documents of nil-paid Rights Shares in order to qualify for the Compensatory Arrangements	4:00 p.m. on Thursday, 12 December 2024
Latest time for acceptance of and payment for the Rights Shares	4:00 p.m. on Thursday, 12 December 2024
Announcement of the number of Unsubscribed Rights Shares subject to the Compensatory Arrangements	Monday, 16 December 2024
Commencement of placing of Unsubscribed Rights Shares by the Placing Agent	Tuesday, 17 December 2024
Latest time of placing of the Unsubscribed Rights Shares by the Placing Agent	4:10 p.m. on Wednesday, 18 December 2024
Latest time to terminate the Underwriting Agreement and for the Rights Issue to become unconditional	4:00 p.m. on Thursday, 19 December 2024
Announcement of results of the Rights Issue (including results of the placing of Unsubscribed Rights Shares and the amount of the Net Gain per Unsubscribed Rights Share under the Compensatory Arrangements)	Friday, 20 December 2024

EXPECTED TIMETABLE

Event	Time and date (Hong Kong time)
Despatch of share certificates for fully-paid Rights Shares and completion of Placing to take place	on or before Monday, 23 December 2024
Despatch of refund cheques, if any, if the Rights Issue is terminated.	on or before Monday, 23 December 2024
Commencement of dealings in fully-paid Rights Shares	9:00 a.m. on Tuesday, 24 December 2024
Payment of Net Gain (if any) to relevant No Action Shareholders and net proceeds (if any) from sale of nil-paid Rights Shares to the relevant Non-Qualifying Shareholders	Tuesday, 7 January 2025

Dates or deadlines specified in expected timetable above or in other parts of this prospectus are indicative only and may be varied by 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 ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES

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

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Thursday, 12 December 2024. Instead the deadline for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; and
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Thursday, 12 December 2024. Instead the deadline for acceptance of and payment for the 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 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 does not take place on Thursday, 12 December 2024, the dates mentioned in the “Expected Timetable” section may be affected. An announcement will be made by the Company as soon as practicable in such event.

TERMINATION OF UNDERWRITING AGREEMENT

Pursuant to the Underwriting Agreement, the Underwriters shall be entitled by a notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement if, prior to the Latest Time for Termination:

1. in the reasonable opinion of the Underwriters, the success of the Rights Issue is or will be materially and adversely affected by:
 - (i) 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 materially and adversely affect the business or the financial or trading position or prospects of the Company as a whole or is materially adverse in the context of the Rights Issue; or
 - (ii) 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 thereof) of a political, military, financial, economic or other nature, 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 materially and adversely affect the business or the financial or trading position or prospects of the Company 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
2. any 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 of trading in securities and a change in currency conditions including without limitation a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States) occurs which in the opinion of the Underwriters 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
3. there is any material litigation or claim or proceedings being instigated or threatened against the Company or any of the members of the Group or any other change in the circumstances of the Company which in the opinion of the Underwriters will materially and adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or the destruction of any material asset of the Company; or
4. any event of force majeure including, without limiting the generality thereof, any act of God, war, outbreak or escalation of hostilities (whether or not war is declared), declaration of a national or international emergency, riot, public disorder, civil commotion, economic sanctions, fire, flood, explosion, epidemic, terrorism, calamity, crisis, strike or lock-out (whether or not covered by insurance) which in the opinion of the Underwriters will materially and adversely affect the success of the Rights Issue and/or the prospects of the Company taken as a whole; or

TERMINATION OF UNDERWRITING AGREEMENT

5. any other material adverse change in relation to the business or the financial or trading position or prospects of the Company as a whole whether or not ejusdem generis with any of the foregoing; or
6. there shall have occurred, developed, existed or come into effect any material breach by the Company of any representations, warranties, undertakings or any provisions of the Underwriting Agreement; or
7. there shall have occurred, developed, existed or come into effect any event, act or omission which gives or is likely to give rise to any material liability of the Company pursuant to the indemnities referred to in the Underwriting Agreement; or
8. the Circular or the Prospectus Documents when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may in the reasonable opinion of the Underwriters 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 prudent investor not to accept the Rights Shares provisionally allotted to it; or
9. any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than five consecutive Business Days, excluding any suspension in connection with the clearance of the Announcement or the Prospectus Documents or other announcements and circulars in connection with the Rights Issue.

If prior to the Latest Time for Termination any such notice as is referred to above is given by the Underwriters, all obligations of the Underwriters under the Underwriting Agreement shall cease and determine.

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

LETTER FROM THE BOARD

Dragon Rise Group Holdings Limited

龍昇集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6829)

Executive Directors:

Mr. Yip Yuk Kit
Mr. Cheung Chun Fai

Independent non-executive Directors:

Mr. Chan Ka Yu
Mr. Lee Kwok Lun
Mr. Chan Wa Shing

Registered office:

Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

*Headquarters and principal place
of business:*

Unit 09, 28/F, North Tower
Concordia Plaza
1 Science Museum Road
Tsim Sha Tsui
Kowloon
Hong Kong

28 November 2024

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

Dear Sir or Madam,

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

INTRODUCTION

References are made to the Announcement and the Circular in relation to, among other things, the Rights Issue, the Placing Agreement and the Underwriting Agreement.

At the EGM held on Tuesday, 12 November 2024, the necessary resolutions for approving, among other things, the Rights Issue, the Placing Agreement and the Underwriting Agreement were duly passed by the Independent Shareholders.

The purpose of this prospectus is to provide you with, among other things, further details of the Rights Issue, including the procedures for application and payment and certain financial information and other information in respect 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 one (1) Share held by the Qualifying Shareholders on the Record Date at the Subscription Price of HK\$0.20 per Rights Share, to raise gross proceeds of up to approximately HK\$28.8 million before expenses by issuing 144,000,000 Rights Shares.

Rights Issue Statistics

Basis of the Rights Issue	:	One (1) Rights Share for every one (1) Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.20 per Rights Share
Net price per Rights Share (i.e. Subscription Price less estimated cost and expenses incurred in the Rights Issue on a per Rights Share basis)	:	HK\$0.192 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	144,000,000 Shares
Number of Rights Shares to be issued pursuant to the Rights Issue:	:	144,000,000 Rights Shares
Aggregate nominal value of the Rights Shares	:	HK\$14,400,000
Number of Rights Shares underwritten	:	Up to 55,000,000 Rights Shares, being the maximum number of Rights Shares to be underwritten by the Underwriters pursuant to the terms of the Underwriting Agreement
Gross proceeds from the Rights Issue (before deducting the necessary expenses)	:	Approximately HK\$28.8 million
Net proceeds from the Rights Issue (after deducting the estimated expenses of approximately HK\$1.1 million)	:	Approximately HK\$27.7 million

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Group had no options outstanding under the Share Option Scheme or outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares. The Company has no intention to issue or grant any Shares, convertible securities, warranties and/or options on or before the Record Date.

The 144,000,000 Rights Shares proposed to be allotted and issued pursuant to the terms of the Rights Issue represent approximately (i) 100% of the total number of existing issued Shares and (ii) 50% of the total number of issued Shares as enlarged immediately upon completion of the Rights Issue.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares and the nil-paid Right Shares.

Subscription Price

The Subscription Price of HK\$0.20 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of the Rights Shares under the Rights Issue, and, where applicable, when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (a) a discount of approximately 68.8% to the closing price of HK\$0.640 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a discount of approximately 48.7% to the adjusted closing price of HK\$0.390 per Share (based on the closing price of HK\$0.039 per Pre-consolidated Share as quoted on the Stock Exchange on the Last Trading Day and adjusted for the effect of Share Consolidation);
- (c) a discount of approximately 48.2% to the adjusted average closing price of HK\$0.386 per Share (based on the average closing price of HK\$0.0386 per Pre-consolidated Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day and adjusted for the effect of Share Consolidation);
- (d) a discount of approximately 61.7% to the adjusted average of the closing prices of approximately HK\$0.522 per Share (based on the average closing price of HK\$0.0522 per Pre-consolidated Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day and adjusted for the effect of Share Consolidation);
- (e) a discount of approximately 79.6% to the adjusted average of the closing prices of approximately HK\$0.979 per Share (based on the average closing price of HK\$0.0979 per Pre-consolidated Share as quoted on the Stock Exchange for the thirty (30) consecutive trading days up to and including the Last Trading Day and adjusted for the effect of Share Consolidation);
- (f) a discount of approximately 33.1% to the theoretical ex-rights price of HK\$0.299 per Share based on the benchmarked price of HK\$0.398 per Share after adjustment for the effect of Share Consolidation;

LETTER FROM THE BOARD

- (g) a discount of approximately 89.2% to the audited consolidated net asset value per Share of the Group of approximately HK\$1.860 per Share, which is calculated by dividing the audited consolidated net asset value of the Company of approximately HK\$267,835,000 as at 31 March 2024 as shown in the Company's annual report by the number of Shares in issue as of the Latest Practicable Date (i.e. 144,000,000 Shares after adjustment for the effect of Share Consolidation); and
- (h) a theoretical dilution effect (as defined under rule 7.27B of the Listing Rules) represented by a discount of approximately 24.9% of the theoretical diluted price of HK\$0.299 per Share to the benchmarked price of HK\$0.398 per Share after adjustment for the effect of Share Consolidation.

The net price per Rights Share (after deducting the relevant expenses) upon full acceptance of the provisional allotment of Rights Shares will be approximately HK\$0.192.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Underwriters, having considered various factors including (i) the deteriorating financial condition with the net profit decreased by 46.8% for the year ended 31 March 2024 compared to prior year and imminent funding requirements of the Group as discussed in the section headed "REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS" below; (ii) the recent downward trend of market price (before adjustment due to the Share Consolidation) of the Shares from HK\$0.129 in early August 2024 to HK\$0.039 on the Last Trading Day under the sluggish stock market sentiment; (iii) the recent volatility of the capital market in Hong Kong and prevailing market conditions of high borrowing costs, which adversely affects investors' confidence in the market; (iv) the necessity to increase the attractiveness of the Rights Issue by offering Qualifying Shareholders the opportunity to participate in the Rights Issue at a considerable discount to the current market price of the Shares of the Company and accordingly allow them to maintain their shareholdings in the Company and participate in the future growth and development of the Group; and (v) the equal opportunity being offered to each of the Qualifying Shareholders for the subscription of the Rights Shares at the Subscription Price in proportion to his/her/its existing shareholding in the Company.

After taking into account the terms of the Rights Issue and the reasons for the Rights Issue as stated in the sections headed "REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS" and "THE UNDERWRITING AGREEMENT" in this prospectus, the Directors consider that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

Status of the Rights Shares

The Rights Shares (when allotted, fully paid or credited as fully paid and issued) will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the fully paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the fully paid Rights Shares.

LETTER FROM THE BOARD

Qualifying Shareholders

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

The Company will send the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date.

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.

Basis of provisional allotments

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

Rights of Overseas Shareholders and Non-Qualifying Shareholders

The Prospectus Documents issued in connection with the Rights Issue are not intended to be registered or filed under the securities law of any jurisdiction other than Hong Kong.

According to the register of members of the Company as at the Latest Practicable Date and as at the Record Date, there was no Overseas Shareholder and no Non-Qualifying Shareholder.

The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction.

The Rights Issue does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to the nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful. It is the responsibility of any person (including but without limitation to nominee, custodian, agent and trustee) receiving a copy of the Prospectus Documents outside Hong Kong and wishing to take up the Rights Shares to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including the obtaining of any governmental or other consents and/or observing any other formalities which may be required in such territory or jurisdiction, and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith. Any acceptance by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been complied with. If you are in any doubt as to your position, you should consult your professional adviser. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited is subject to any of the representations and warranties.

LETTER FROM THE BOARD

Arrangements for the NQS Rights Shares

Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders, to be sold in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. If the proceeds from each such sale, less expenses, are more than HK\$100, the excess will be paid on pro-rata basis to the relevant Non-Qualifying Shareholders. The Company will retain individual amounts of HK\$100 or less for its own benefit to cover the administrative costs that it would have incurred. Any unsold entitlements of Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders will be offered for subscription by the Placing Agent to the Placees under the Placing and, if not successfully placed out, will be taken up by the Underwriters pursuant to the terms of the Underwriting Agreement.

For the nil-paid Rights Shares that are sold in the market by the Company as described above, if the buyer(s) of such nil-paid Rights Shares does/do not take up the entitlement, such Unsubscribed Rights Shares will be subject to the Compensatory Arrangements.

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

Qualifying Shareholders will find enclosed with this prospectus a PAL which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of Rights Shares shown therein. As PAL is a form of temporary document of title, it will be despatched to the Qualifying Shareholder(s) in printed form. If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PALs, they must lodge the PALs in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, by no later than 4:00 p.m. on Thursday, 12 December 2024. 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 "DRAGON RISE GROUP HOLDINGS LIMITED – RIGHTS ISSUE ACCOUNT" and crossed "Account Payee Only".

It should be noted that unless the duly completed PAL, together with the appropriate remittance, has been lodged with the Registrar by no later than 4:00 p.m. on Thursday, 12 December 2024, whether by the original allottee or any person in whose favour the provisional allotment has been validly transferred, that provisional allotment and all rights and entitlement thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole 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 the relevant person(s) to complete the incomplete PAL at a later stage.

LETTER FROM THE BOARD

If the Qualifying Shareholders wish to accept only part of the provisional allotment or transfer part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or transfer part/all of their rights to more than one person, the original PAL must be surrendered for cancellation by no later than 4:30 p.m. on Wednesday, 4 December 2024 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required. The new PALs will be available for collection from the Registrar at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL. It should be noted that Hong Kong ad valorem stamp duty is payable in connection with the transfer of the rights to subscribe for the relevant Rights Shares to the transferee(s) and the acceptance by the transferee(s) of such rights.

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

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques or cashier's orders accompanying completed PALs will be presented for payment immediately following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier's order will constitute a warranty by such person 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. No receipt will be given in respect of any application monies received.

Share certificates of the Rights Shares and refund cheques for the Rights Issue

Subject to fulfilment of the conditions of the Rights Issue, share certificates for the fully-paid Rights Shares are expected to be sent on or before Monday, 23 December 2024 to those entitled thereto by ordinary post, at their own risk, to their registered addresses. Each allottee, except HKSCC Nominees Limited, will receive one share certificate for all allotted Rights Shares.

If the Underwriting Agreement is terminated or not becoming unconditional, the remittance 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 the nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other persons to their registered addresses by the Registrar on Monday, 23 December 2024.

Fractional entitlements to the Rights Shares

On the basis of the provisional allotment of one (1) Right Share for every one (1) Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue and no entitlements of the Non-Qualifying Shareholders to the Rights Shares shall be issued to the Non-Qualifying Shareholders.

LETTER FROM THE BOARD

The Irrevocable Undertaking

As at Latest Practicable Date, Fame Circle is interested in an aggregate of 89,000,000 Shares, representing approximately 61.8% of the entire issued share capital of the Company. Pursuant to the Irrevocable Undertaking given by Fame Circle, Fame Circle irrevocably undertook with the Company that (i) it will subscribe for 89,000,000 Rights Shares which comprise the full acceptance of its provisional entitlement in respect of the 89,000,000 Shares beneficially held by Fame Circle; and (ii) it will not to dispose of any of the 89,000,000 Shares comprising the current shareholding in the Company owned by it, and such Shares will remain beneficially owned by it up to and including the Record Date.

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

Application for listing

An application has been made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be issued and allotted pursuant to the Rights Issue, upon the Rights Issue becoming effective.

Subject to the granting of the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares (in both their nil-paid and fully-paid forms) will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms with their board lot size being the same (i.e. 10,000) as their underlying Shares on the Stock Exchange, or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement 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.

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

Taxation

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, any person resulting from subscribing for, purchasing, holding, exercising, disposing of or dealings in any rights in relation to the Rights Shares in both their nil-paid and fully-paid form.

LETTER FROM THE BOARD

Procedures in respect of the Unsubscribed Rights Shares and the Compensatory Arrangements

Pursuant to Rule 7.21(2) of the Listing Rules, as Fame Circle, being one of the Underwriters pursuant to the Underwriting Agreement, is wholly-owned by Mr. Yip who is a controlling shareholder of the Company, the Company must make arrangements as described in Rule 7.21(1)(b) of the Listing Rules to dispose of the Unsubscribed Rights Shares, comprising the Rights Shares that are not subscribed by the Qualifying Shareholders and the NQS Rights Shares that are not successfully sold by the Company, by offering the Unsubscribed Rights Shares to independent placees who are not Shareholders by way of a placing for the benefit of the relevant No Action Shareholders. As the Compensatory Arrangements are in place, there will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 7.21(2)(a) of the Listing Rules.

The Company appointed the Placing Agent to place the Unsubscribed Rights Shares after the Latest Time for Acceptance to independent placees on a best-effort basis, and the Net Gain will be paid to those No Action Shareholders in the manner set out below. The Placing Agent will, on a best-effort basis, procure, by not later than 4:10 p.m. on Wednesday, 18 December 2024, acquirers who are not Shareholders for all (or as many as possible) of those Unsubscribed Rights Shares at a price not less than the Subscription Price. Any Untaken Rights Shares will be taken up by the Underwriters pursuant to the terms of the Underwriting Agreement.

The Net Gain (if any but rounded down to the nearest cent) will be paid on a pro-rata basis to the No Action Shareholders as set out below:

- i. the relevant Qualifying Shareholders (or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed) whose nil-paid rights are not validly applied for in full, by reference to the extent that Shares in his/her/its nil-paid rights are not validly applied for; and
- ii. the relevant Non-Qualifying Shareholders with reference to their shareholdings in the Company on the Record Date.

It is proposed that if the Net Gain to any of the No Action Shareholder(s) mentioned above (i) is more than HK\$100, the entire amount will be paid to them; or (ii) is HK\$100 or less, such amount will be retained by the Company for its own benefit.

THE PLACING AGREEMENT

On 10 September 2024 (after trading hours of the Stock Exchange), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has agreed to procure Placee(s), on a best-effort basis, to subscribe for the Unsubscribed Rights Shares. Details of the Placing Agreement are summarised as follows:

Date	:	10 September 2024 (after trading hours of the Stock Exchange)
Issuer	:	The Company

LETTER FROM THE BOARD

- Placing Agent : Head & Shoulders
- The Placing Agent was appointed to place, or procure the placing of, a maximum of 55,000,000 Unsubscribed Rights Shares, on a best-effort basis, to the Placee(s).
- As at the Latest Practicable Date, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.
- Placing commission payable to the Placing Agent : (i) A fixed fee of HK\$100,000 or (ii) 1.0% of the gross proceeds, whichever is higher, from the successful placement of Unsubscribed Rights Shares.
- The Company had reviewed the terms of all ten rights issue transactions with placing of shares as compensatory arrangements announced by companies listed on the Stock Exchange within the three months immediately prior to the date of the Announcement (the “**Comparables**”) to assess the prevailing market rate of the placing commission. It was discovered that the placing commission rate of the Comparables fell between 0.75% and 3.5% with a minimum fee ranging from HK\$100,000 to HK\$250,000. Given the size of the Rights Issue will not be a sizeable one in the market, the current placing commission was set at a level close to the lower end of the range of the Comparables with a minimum fee of HK\$100,000.
- Placing price of the Unsubscribed Rights Shares : The placing price of the Unsubscribed Rights Shares shall be not less than the Subscription Price. The final price will be determined based on the demand for and market conditions of the Unsubscribed Rights Shares at the time of placement.
- Placees : The Unsubscribed Rights Shares shall only be offered by the Placing Agent to Placee(s) who and whose ultimate beneficial owner(s) are not Shareholders and are Independent Third Party(ies) and not acting in concert with the Underwriters and its concert parties and/or any of the Company’s connected persons.

LETTER FROM THE BOARD

- Ranking of the Unsubscribed Rights Shares : The Unsubscribed Rights Shares (when placed, allotted, issued and fully paid) shall rank pari passu in all respects among themselves and with the Shares then in issue.
- Conditions of the Placing Agreement : The Placing is conditional upon the fulfilment of the following conditions on or before the Latest Time for Termination (or such later date as may be agreed in writing between the Placing Agent and the Company):
- (1) the Listing Committee granting the approval for the listing of, and the permission to deal in, the Rights Shares;
 - (2) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained; and
 - (3) the obligations of the Placing Agent under the Placing Agreement not being terminated in accordance with the terms of the Placing Agreement.
- None of the above conditions is capable of being waived. As at the Latest Practicable Date, none of the conditions have been fulfilled.
- Placing Period : The period from Tuesday, 17 December 2024 up to 4:10 p.m. on Wednesday, 18 December 2024, or such other dates as the Company may announce, being the period during which the Placing Agent will seek to effect the Compensatory Arrangements.

LETTER FROM THE BOARD

Pursuant to the Placing Agreement, the Placing Agent has agreed to procure Placee(s), on a best-effort basis, to subscribe for the Unsubscribed Rights Shares whilst using its best endeavours to ensure that (1) the public float requirement under Rule 8.08(1) of the Listing Rules remains fulfilled by the Company; and (2) the Placing shall not have any implications under the Takeovers Code and no Shareholder will be under any obligation to make a general offer under the Takeovers Code as a result of the Placing.

Termination of the Placing Agreement

The Placing Agent may terminate the Placing Agreement by a notice in writing given to the Company at any time prior to the Latest Time for Termination upon the occurrence of the following events:

- (1) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent's reasonable opinion would materially and adversely affect the success of the Placing; or
- (2) the imposition of any moratorium, suspension (for more than ten (10) trading days) or restriction on trading in the securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent's reasonable opinion, would materially and adversely affect the success of the Placing, excluding any suspension in connection with the clearance of the Announcement or the Prospectus Documents or other announcements and circulars in connection with the Rights Issue; or
- (3) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agent's reasonable opinion any such new law or change may materially and adversely affect the business or financial prospects of the Group and/or the success of the Placing; or
- (4) any litigation or claim being instigated against any member of the Group, which has or may have a material adverse effect on the business or financial position of the Group and which in the Placing Agent's reasonable opinion would materially and adversely affect the success of the Placing; or
- (5) any material adverse change in the business or in the financial or trading position or prospects of the Group as a whole; or

LETTER FROM THE BOARD

- (6) any material breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the date of despatch of share certificates for fully-paid Rights Shares and refund cheques (if any), which if had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect or there has been a breach by the Company of any other provision of the Placing Agreement; or
- (7) there is any material adverse change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

If prior to the Latest Time for Termination any such notice is given by the Placing Agent to the Company, the Placing Agreement shall terminate and be of no further effect and neither party shall be under any liability to the other party in respect of the Placing Agreement save for any antecedent breach under the Placing Agreement prior to such termination.

Fame Circle confirms that it and parties acting in concert with it will not be involved in the solicitation, screening and selecting of Placees in relation to the Unsubscribed Rights Shares.

The Placing Agent confirms that it is an Independent Third Party, and that save and except for the Underwriting Agreement, there is no other arrangement, agreement, understanding or undertaking with Fame Circle in relation to the Shares.

The terms of the Placing Agreement (including the Placing commission of the higher of (i) a fixed fee of HK\$100,000 or (ii) 1.0% of the gross proceeds, from the successful placement of Unsubscribed Rights Shares) were determined after arm's length negotiation between the Placing Agent and the Company with reference to the size of the Rights Issue and the prevailing market rate of commission and are on normal commercial terms.

The Directors consider that the terms of the Placing Agreement are fair and reasonable.

Given that the Compensatory Arrangements would provide a compensatory mechanism for the No Action Shareholders and protect the interest of the Independent Shareholders, the Company consider that the Compensatory Arrangements are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Conditions of the Rights Issue

The Rights Issue is conditional upon the Underwriting Agreement having become unconditional, which includes the fulfilment of the following conditions:

- (1) the passing by the Independent Shareholders at the EGM of the relevant ordinary resolutions to approve the Underwriting Agreement, the Rights Issue and the transactions contemplated thereunder in accordance with the Listing Rules by no later than the Prospectus Posting Date;

LETTER FROM THE BOARD

- (2) 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 permission to deal in, the Rights Shares (in their nil-paid and fully-paid forms);
- (3) 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 Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong, not later than the Prospectus Posting Date;
- (4) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Non-Qualifying Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;
- (5) the Underwriting Agreement not being terminated in accordance with its terms;
- (6) due compliance with and performance by the Company of all undertakings and obligations in all material respects under the Underwriting Agreement and all representations and warranties thereunder remain to be true and accurate in all material respects; and
- (7) the Placing Agreement not being terminated pursuant to the terms thereof and remain in full force and effect.

None of the above conditions is capable of being waived. If any of the conditions precedent are not satisfied by the Latest Time for Termination (or where appropriate, the times stipulated above or such later time and/or date as the Underwriters may agree with the Company in writing), the Rights Issue shall terminate and no party will have any claim against any other party for costs, damages, compensations or otherwise. As at the Latest Practicable Date, none of the conditions have been fulfilled save and except for condition (1).

THE UNDERWRITING AGREEMENT

The Rights Shares (other than those agreed to be taken up by Fame Circle pursuant to the Irrevocable Undertaking) will be fully underwritten by Underwriters in accordance with the terms of the Underwriting Agreement. The principal terms and conditions of the Underwriting Agreement are set out below:

Date	:	10 September 2024 (after trading hours of the Stock Exchange)
Issuer	:	The Company

LETTER FROM THE BOARD

Underwriters : Fame Circle

As at Latest Practicable Date, Mr. Yip is directly and indirectly through Fame Circle interested in an aggregate of 89,000,000 Shares, representing approximately 61.8% of the entire issued share capital of the Company. Fame Circle is not in the ordinary course of business to underwrite securities. The Underwriter confirmed that it has complied with Rule 7.19(1)(b) of the Listing Rules.

Head & Shoulders

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, (a) Head & Shoulders, a licensed corporation to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 4 (advising on securities) regulated activities under the SFO and its ordinary course of business includes placing and underwriting of securities; (b) Head & Shoulders, its associates and parties acting concert with it do not hold any Shares; and (c) Head & Shoulders and its ultimate beneficial owners are Independent Third Parties and not acting in concert with Fame Circle, Mr. Yip and parties acting in concert with any of them. Head & Shoulders is also the Placing Agent pursuant to the Placing Agreement in relation to the Compensatory Arrangements. The Underwriter confirmed that it has complied with Rule 7.19(1)(a) of the Listing Rules.

Number of Rights Shares to be underwritten by the Underwriters : A maximum of 55,000,000 Rights Shares, as to up to 38,000,000 Rights Shares and 17,000,000 Rights Shares to be underwritten by Fame Circle and Head & Shoulders respectively, representing approximately 69.1% and 30.9% of the total number of Rights Shares to be underwritten by each of the Underwriters respectively.

LETTER FROM THE BOARD

Subject to the Company's compliance with the public float requirement under Rule 8.08(1) of the Listing Rules, up to 38,000,000 Untaken Rights Shares will be firstly taken up by Fame Circle. Any Untaken Rights Shares in excess of 38,000,000 Untaken Rights Shares shall be underwritten by Head & Shoulders which are intended to be taken up by subscribers procured by it and/or its sub-underwriters, who shall be Independent Third Parties and not acting in concert with the Company's connected persons and the Underwriters.

- Underwriting Commission : 1. Fame Circle will not receive any underwriting commission; and
2. underwriting commission calculated at 2.0% of the Subscription Price in respect of the Rights Shares underwritten shall be payable by the Company to Head & Shoulders.

If and to the extent that at the Latest Placing Time, there shall be any Untaken Rights Shares which have not been successfully placed out by the Placing Agent under the Compensatory Arrangements, then the Underwriters shall subscribe or procure subscription for a maximum of 55,000,000 Rights Shares pursuant to the allocations under the terms set out in the Underwriting Agreement. The maximum underwriting commitment of the Underwriters shall be 55,000,000 Rights Shares.

The terms of the Underwriting Agreement were determined after arm's length negotiations between the parties with reference to the financial position of the Group, the size of the Rights Issue, the current and expected market conditions, taking into consideration the prevailing market rates of underwriting commission in rights issue exercises undertaken by Hong Kong listed issuers in the past six months, trading liquidity and risks associated with the underwriting, and the intention of Fame Circle to facilitate the Company's fundraising efforts for its business development and working capital requirements. The Directors are of the view that the terms of the Underwriting Agreement are fair and reasonable, and the transactions contemplated under the Underwriting Agreement are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Conditions of the Underwriting Agreement

The Underwriting Agreement is conditional upon the fulfilment (or waiver, if applicable, by the Underwriters) of the following conditions:

1. the passing by the Independent Shareholders at the EGM of the relevant ordinary resolutions to approve the Underwriting Agreement, the Rights Issue and the transactions contemplated thereunder in accordance with the Listing Rules by no later than the Prospectus Posting Date;
2. 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 permission to deal in, the Rights Shares (in their nil-paid and fully-paid forms);
3. 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 Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong, not later than the Prospectus Posting Date;
4. the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter in the agreed form to the Non-Qualifying Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;
5. the Underwriting Agreement not being terminated in accordance with its terms;
6. due compliance with and performance by the Company of all undertakings and obligations in all material respects under the Underwriting Agreement and all representations and warranties thereunder remain to be true and accurate in all material respects; and
7. the Placing Agreement not being terminated pursuant to the terms thereof and remain in full force and effect.

None of the above conditions is capable of being waived. If any of the conditions precedent are not satisfied by the Latest Time for Termination (or where appropriate, the times stipulated above or such later time and/or date as the Underwriters may agree with the Company in writing), the Rights Issue shall terminate and no party will have any claim against any other party for costs, damages, compensation or otherwise.

As at the Latest Practicable Date, none of the conditions precedent have been fulfilled save and except for condition (1).

LETTER FROM THE BOARD

At the EGM held on Tuesday, 12 November 2024, the necessary resolutions for approving, among other things, the Rights Issue, the Placing Agreement and the Underwriting Agreement, were duly passed by the Independent Shareholders. The Underwriters and parties acting in concert with them and any Shareholders who are involved in or interested in the Rights Issue, the Placing Agreement and the Underwriting Agreement and those Shareholders who have a material interest in the Rights Issue, the Placing Agreement and the Underwriting Agreement different from other Shareholders, including but not limited to (i) the Directors (excluding independent non-executive Directors) and their associates who have abstained from voting in favour of the resolution(s) to approve the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder at the EGM; (ii) Shareholders who have a material interest in the transactions contemplated under the Underwriting Agreement; and (iii) the Underwriters and parties acting in concert with them and any Shareholders who are involved in or interested in the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder, have abstained from voting on the relevant resolution(s) at the EGM.

As Mr. Yip is materially interested in the Rights Issue, the Placing Agreement, the Underwriting Agreement and the transactions contemplated thereunder, he was required to abstain from voting at the Board resolutions approving such matters. Save for Mr. Yip, none of the Directors has any material interest in the Rights Issue, the Placing Agreement and/or the Underwriting Agreement.

Termination of the Underwriting Agreement

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

1. in the reasonable opinion of the Underwriters, the success of the Rights Issue is or will 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 materially and adversely affect the business or the financial or trading position or prospects of the Company 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 thereof) of a political, military, financial, economic or other nature, 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 materially and adversely affect the business or the financial or trading position or prospects of the Company 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

LETTER FROM THE BOARD

2. any 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 of trading in securities and a change in currency conditions including without limitation a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States) occurs which in the opinion of the Underwriters 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
3. there is any material litigation or claim or proceedings being instigated or threatened against the Company or any of the members of the Group or any other change in the circumstances of the Company which in the opinion of the Underwriters will materially and adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or the destruction of any material asset of the Company; or
4. any event of force majeure including, without limiting the generality thereof, any act of God, war, outbreak or escalation of hostilities (whether or not war is declared), declaration of a national or international emergency, riot, public disorder, civil commotion, economic sanctions, fire, flood, explosion, epidemic, terrorism, calamity, crisis, strike or lock-out (whether or not covered by insurance) which in the opinion of the Underwriters will materially and adversely affect the success of the Rights Issue and/or the prospects of the Company taken as a whole; or
5. any other material adverse change in relation to the business or the financial or trading position or prospects of the Company as a whole whether or not ejusdem generis with any of the foregoing; or
6. there shall have occurred, developed, existed or come into effect any material breach by the Company of any representations, warranties, undertakings or any provisions of the Underwriting Agreement; or
7. there shall have occurred, developed, existed or come into effect any event, act or omission which gives or is likely to give rise to any material liability of the Company pursuant to the indemnities referred to in the Underwriting Agreement; or
8. the Circular or the Prospectus Documents when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date of the Underwriting Agreement been publicly announced or published by the Company and which may in the reasonable opinion of the Underwriters 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 prudent investor not to accept the Rights Shares provisionally allotted to it; or
9. any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than five consecutive Business Days, excluding any suspension in connection with the clearance of the Announcement or the Prospectus Documents or other announcements and circulars in connection with the Rights Issue.

LETTER FROM THE BOARD

If prior to the Latest Time for Termination any such notice as is referred to above is given by the Underwriters, all obligations of the Underwriters under the Underwriting Agreement shall cease and determine.

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

FUNDRAISING ACTIVITIES INVOLVING ISSUE OF SECURITIES IN THE PAST 12 MONTHS

The Company has conducted the following equity fundraising activities during the twelve months immediately preceding the Latest Practicable Date.

Date of announcement	Event	Net proceeds raised (Approximately)	Proposed use of proceeds	Remaining proceeds as at the Latest Practicable Date	Timeline for utilisation of remaining proceeds
9 August 2024	Placing of new shares under general mandate	HK\$14.9 million	General working capital of the Group	HK\$14.9 million	The remaining proceeds from the placing were fully utilised as intended by October 2024.

Save as disclosed above, the Company has not conducted any equity fundraising activities in the past twelve months immediately prior to the Latest Practicable Date.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The expected maximum gross proceeds and net proceeds from the Rights Issue will be approximately HK\$28.8 million and HK\$27.7 million respectively.

LETTER FROM THE BOARD

The Company has been actively working on business expansion and strive to undertake more sizeable projects and up to second quarter of 2024, the Company has successfully awarded two sizeable construction projects with a total contract sum of approximately HK\$490 million, in which one project has commenced work in late August 2024 and the other project is expected to commence in April 2025. Based on the management experience, the Group usually requires a large amount of upfront payments when undertaking sizeable projects and it was estimated that the monthly cash outflow would be approximately HK\$30 million to HK\$40 million in the first few months when the sizeable projects commence. Despite the Company recorded cash, bank balances and pledged deposits of approximately HK\$134.0 million as at 31 March 2024, approximately HK\$73.6 million of cash has been utilised as project construction costs for its on-going projects as at the Latest Practicable Date, approximately HK\$34.0 million was restricted deposits required for bank borrowings, and it is anticipated that approximately HK\$20.3 million of the bank borrowings will be due for repayment in forthcoming six months from the Latest Practicable Date. Therefore, the Directors anticipated a shortage of funds for fulfilling the upcoming project expenses, repayment of bank borrowings and operational needs, leading to an imminent funding need for additional funding through a Rights Issue to maintain the Company's working capital. In any event the Rights Issue may not proceed, the Directors may considered different types of fundraising alternatives available to the Group including but not limited to debt financing and other equity fundraising such as placement of shares to meet the expected funding needs for the next twelve months.

The Company intends to use the net proceeds from the Rights Issue in the following manner:

- (a) as to approximately HK\$19.4 million, being 70% of the net proceeds, for upfront costs of the on-going construction projects;
- (b) as to approximately HK\$4.2 million, being 15% of the net proceeds, for partial repayment of principal amounts of bank loan installments which will be due in January 2025;
- (c) the remaining balance of approximately HK\$4.1 million, being 15% of the net proceeds, for general working capital of the Group including but not limited to directors' remuneration and staff costs, audit and other professional fees, administrative and general expenses as well as printing fees and listing fees.

The Directors are of the opinion that, taking into account the financial resources available to the Group, including internally generated funds, credit facilities, cash and cash equivalents on hand and the estimated net proceeds from the Rights Issue, the Group has sufficient working capital to satisfy its requirements for at least twelve months from the date of this prospectus.

LETTER FROM THE BOARD

The Rights Issue will be conducted on a fully-underwritten basis. The terms of the Underwriting Agreement were determined after arm's length negotiation between the Company and the Underwriters by reference to the existing financial position of the Group, the size of the Rights Issue, and the market conditions. It is not in the ordinary course of business of Fame Circle to underwrite issues of shares. Fame Circle's role as an Underwriter in respect of the Rights Issue, together with the Irrevocable Undertaking, signify strong support from the controlling shareholders to the Group and their confidence in the development of the Group. Save for the Underwriting Agreement, the Company has not entered into any agreement, arrangement, understanding or undertaking in regard of the Rights Issue with the Underwriters or any of its connected persons and their respective associates.

The Directors considered different types of fundraising alternatives available to the Group including but not limited to debt financing and other equity fundraising such as placement of shares.

The Board considers that placing of new Shares would be a suboptimal fundraising means as it will lead to an immediate dilution in shareholding interest of the existing Shareholders without offering them opportunities to participate in the enlargement of the capital base of the Company. As debt financing would result in additional interest burden, higher gearing ratio of the Group and subject the Group to repayment obligations, the Board does not consider it to be beneficial to the Group.

Among these alternatives, the Directors noted (i) due to unstable global economic environment, the borrowing costs will remain at certain high level, and the difficulties which the Group has been facing in negotiations with the commercial banks for business loans with favourable terms and there is no tangible assets as collaterals for secured lending by creditors; (ii) the current bearish market sentiment which adversely affects the willingness of potential investors to participate in equity placements, and given the scale of the proposed fundraising exercise, the inevitable material dilution on shareholdings of existing shareholders of the Company without offering them the opportunity to participate in such exercise; and (iii) the similarities between an open offer and a rights issue which provide the Qualifying Shareholders with the equal opportunity to participate in proportion to their existing shareholding interests, however, an open offer does not allow the trading of rights entitlements in the open market and accordingly, Shareholders must either participate in the offer or lose the benefit of any discount at which the new shares are offered. On the other hand, after taking into consideration, among other factors, its business strategy to undertake sizeable projects, financial situation and core corporate value of equality in treatment to Shareholders, the Directors are of the view that a rights issue is the most suitable and equitable fundraising alternative for the Company and provides an opportunity for existing Qualifying Shareholders to participate in the future development of the Company.

LETTER FROM THE BOARD

Nonetheless, the Rights Issue is pre-emptive in nature, allowing Qualifying Shareholders to maintain their respective pro-rata shareholding through their participation in the Rights Issue. The Rights Issue allows the Qualifying Shareholders to (a) increase their respective interests in the shareholding of the Company by acquiring additional rights entitlement in the open market (subject to the availability); or (b) 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). Accordingly, the Directors consider that fundraising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

Based on the above, the Board considers that raising capital through the Rights Issue is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

Information on the Group

The Company is an exempted company incorporated under the laws of the Cayman Islands with limited liability whose shares are listed on the Stock Exchange. The Group is primarily engaged in undertaking foundation works in Hong Kong as a subcontractor.

Information on the Placing Agent

Head & Shoulders is a licensed corporation to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 4 (advising on securities) regulated activities under the SFO.

Information on the Underwriters

Fame Circle is wholly-owned by Mr. Yip who is a controlling shareholder of the Company, the chairman of the Board, an executive Director and chief executive officer of the Group. Fame Circle is a private limited liability company incorporated in British Virgin Islands.

Head & Shoulders is a licensed corporation to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 4 (advising on securities) regulated activities under the SFO.

LETTER FROM THE BOARD

SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after completion of the Rights Issue (assuming full acceptance by the Shareholders); (iii) immediately after completion of the Rights Issue (assuming no acceptance by any Qualifying Shareholder except for Fame Circle pursuant to the Irrevocable Undertaking and all Unsubscribed Rights Shares have been placed by the Placing Agent); and (iv) immediately after completion of the Rights Issue (assuming no acceptance by any Qualifying Shareholder except for Fame Circle pursuant to the Irrevocable Undertaking, all Unsubscribed Rights Shares have not been placed by the Placing Agent and all Untaken Rights Shares have been taken by the Underwriters pursuant to the Underwriting Agreement).

	As at the Latest Practicable Date		Immediately after completion of the Rights Issue (assuming all Shareholders have taken up all the entitled Rights Shares)		Immediately after completion of the Rights Issue (assuming no acceptance by any Qualifying Shareholder except for Fame Circle pursuant to the Irrevocable Undertaking and all Unsubscribed Rights Shares have been placed by the Placing Agent)		Immediately after completion of the Rights Issue (assuming no acceptance by any Qualifying Shareholder except for Fame Circle pursuant to the Irrevocable Undertaking, all Unsubscribed Rights Shares have not been placed by the Placing Agent and all Untaken Rights Shares have been taken by the Underwriters pursuant to the Underwriting Agreement)	
	Number of issued Shares	%	Number of issued Shares	%	Number of issued Shares	%	Number of issued Shares	%
Fame Circle (Note 1)	89,000,000	61.80	178,000,000	61.80	178,000,000	61.80	216,000,000	75.00
Other public Shareholders	55,000,000	38.20	110,000,000	38.20	55,000,000	19.10	55,000,000	19.10
Independent places	-	-	-	-	55,000,000	19.10	-	-
Subscribers procured by Head & Shoulders and/or its sub-underwriters	-	-	-	-	-	-	17,000,000	5.90
Total	144,000,000	100.00	288,000,000	100.00	288,000,000	100.00	288,000,000	100.00

Notes:

- (1) Fame Circle is legally and beneficially owned as to 100% by Mr. Yip (being the chairman of the Board and an executive Director). Under the SFO, Mr. Yip is deemed to be interested in the same number of Shares held by Fame Circle.
- (2) The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.
- (3) Shareholders and public investors should note that the above shareholding scenarios are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including the results of acceptance of the Rights Issue.

LETTER FROM THE BOARD

WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among other things, the Underwriting Agreement having become unconditional and the Underwriters not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-section headed “Termination of the Underwriting Agreement” under the section headed “The Underwriting Agreement” in this prospectus). Accordingly, the Rights Issue may or may not proceed.

The Shares are dealt in on an ex-rights basis from Friday, 15 November 2024. Dealings in the Rights Shares in nil-paid form are expected to take place from Monday, 2 December 2024 to Monday, 9 December 2024. 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 Shares.

Any party who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriters’ right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares and the nil-paid Right Shares.

FURTHER INFORMATION

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

By order of the Board
Dragon Rise Group Holdings Limited
Yip Yuk Kit
Chairman and Executive Director

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The Company is required to set out or refer to in this prospectus the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes of equity and any other primary statement as shown in (i) the audited consolidated financial statements of the Group for the year ended 31 March 2022 (the “**2022 Financial Statements**”); (ii) the audited consolidated financial statements of the Group for the year ended 31 March 2023 (the “**2023 Financial Statements**”); and (iii) the audited consolidated financial statements of the Group for the year ended 31 March 2024 (the “**2024 Financial Statements**”), together with significant accounting policies and the notes to the relevant published financial statements which are of major relevance to the appreciation of the above financial information.

The 2022 Financial Statements are set out on pages 78 to 155 of the annual report of the Company for the year ended 31 March 2022, which was published on 17 July 2022 on the websites of the Stock Exchange and the Company, and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0712/2022071200565.pdf>

The 2023 Financial Statements are set out on pages 78 to 155 of the annual report of the Company for the year ended 31 March 2023, which was published on 11 July 2023 on the websites of the Stock Exchange and the Company, and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0711/2023071100271.pdf>

The 2024 Financial Statements are set out on pages 79 to 163 of the annual report of the Company for the year ended 31 March 2024, which was published on 9 July 2024 on the websites of the Stock Exchange and the Company, and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0709/2024070900259.pdf>

2. NO MATERIAL CHANGE

The Directors confirm that, save as the Company proposed to conduct the Rights Issue to raise estimated net proceeds of approximately HK\$27.7 million for projects upfront costs, partial repayment of bank borrowings and general working capital of the Group, the Company completed a placing of new shares in 9 August 2024 for general working capital of the Group and disclosed in the paragraph headed “5. Financial and Trading Prospects of the Group” below in this Appendix, there has been no material change in the financial or trading positions or outlook of the Group since 31 March 2024 (being the date to which the latest published audited consolidated financial statements of the Group were made up) and up to the Latest Practicable Date.

3. INDEBTEDNESS

As at the close of business on 30 September 2024, being the latest practicable date for the purpose of this indebtedness statement prior to the publication of this prospectus, apart from the intra-group liabilities:

- (a) the Group had outstanding (i) secured and guaranteed bank loans, amounting to approximately HK\$48.6 million, with interest bearing at 1.2% per annum + HIBOR and repayable from October 2024 to November 2025; (ii) unsecured corporate bond amounting to approximately HK\$2.0 million, with interest bearing at 7.0% per annum and repayable in July 2025; (iii) lease liabilities of approximately HK\$4.3 million, representing the present value of the remaining lease payments of certain premises; and (iv) obligation under finance lease of approximately HK\$0.6 million, representing the present value of the remaining lease payments of a motor vehicle.
- (b) the Group had pledged (i) an investment property situated in Hong Kong of approximately HK\$3.5 million; (ii) approximately HK\$19.8 million and RMB13.0 million bank deposits; and (iii) corporate guarantee given by the Company in order to secure bank facilities;
- (c) the Group did not have any material outstanding liabilities in respect of mortgage, charges, bank overdrafts, loans or similar indebtedness or hire purchase commitments;
- (d) the Group did not have any liabilities under acceptances (other than normal trade bills) or acceptance credits;
- (e) the Group did not have material contingent liabilities or guarantees; and
- (f) the Group did not have any other debt securities.

4. SUFFICIENCY OF WORKING CAPITAL

The Directors are of the opinion that, taking into account the financial resources available to the Group, including internally generated funds, credit facilities, cash and cash equivalents on hand and the estimated net proceeds from the Rights Issue, the Group has sufficient working capital to satisfy its requirements for at least twelve months from the date of this prospectus.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is a seasoned subcontractor in Hong Kong's construction industry, with three decades of experience, mainly engaging in foundation works for commercial and residential building construction. The Group has developed the experience and capability to offer a comprehensive range of foundation construction and related services. It specialises in (i) ELS and pile cap construction works; (ii) disposal of excavated materials from piling; and (iii) ancillary services including dismantling of shoring, site formation, steel fixing and site clearance. Kit Kee Engineering Limited, the principal operating subsidiary, is registered with the Construction Industry Council under the Subcontractor Registration Scheme under the sub-register of the structural and civil trade group.

During the year ended 31 March 2024 (“FY2024”), the Group had been awarded eight projects with a total original contract sum of approximately HK\$1,255 million. Despite the overall revenue for FY2024 reached HK\$945.9 million, an increase of 20.3% compared to the prior year, the net profits for FY2024 decreased by approximately 47.4% compared to the prior year mainly due to the increase in ECL allowance on trade receivables and contract assets, net during FY2024.

Looking ahead, in addition to the integrated development of the Northern Metropolis in the northern New Territories, the Government has planned a series of new infrastructure projects in various districts of Hong Kong for different purposes, including transportation, housing, and education. The Development Bureau anticipates that approximately 3,370 hectares of land will be available for development in the next decade. Private construction projects may not be as extensive as Government initiatives, but new residential developments are still continuously being planned. These plans and data present favourable prospects for the future of the foundation industry.

Although the overall volume of construction projects is expected to increase in the foreseeable future, the construction industry in Hong Kong is already well-developed, with a multitude of contractors at each stage of the construction process. Consequently, the competition for securing project contracts is highly intense. Additionally, the ageing population and a lack of interest among young people in pursuing careers in the construction industry have led to a shortage of labour, which is also a significant factor impacting the development of the construction industry. However, with the implementation of more lenient policies on importing foreign labour, this situation may potentially be mitigated in the future. Meanwhile, the Group will cautiously monitor market change and impose robust control measures to improve cost efficiency and risk management in order to provide a solid foundation for sustainable growth in the future.

As a seasoned market player, our Group will seize the opportune moment of Hong Kong’s booming construction industry to strive for more business opportunities.

Since 1 April 2024, the Group had been awarded six projects, including the two sizeable construction projects as stated in the section headed “REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS”, with a total original contract sum of approximately HK\$586.8 million, together with the ongoing projects on hand, its revenue could be sustained for the next financial year. At the same time, we will actively expand our presence beyond Hong Kong, particularly by deepening cooperation with corporations in the PRC and other regions, aiming to broaden our influence and achieve higher returns. Simultaneously, the Group is expanding its business horizons to acquire more diversified sources of income, by venturing into the trading of construction materials such as silica, sand, cement, and steel, as well as modular integrated construction, and new energy sector. The Board considers that it is vital for the Group to have access to additional funding and working capital in order to maintain its competitiveness in the market by (i) replenishing its project upfront costs and thus enhance its cashflow liquidity; (ii) repaying partial of bank borrowings to reduce its financing costs; and (iii) allowing for sufficient working capital to achieve the business development of the Group.

For illustrative purpose only, set out below is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group after completion of the Rights Issue. Although reasonable care has been exercised in preparing the unaudited pro forma financial information, Shareholders who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a complete picture of the Group's financial results and positions for the financial periods concerned.

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

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to equity holders of the Company (the “**Unaudited Pro Forma Financial Information**”) has been prepared by the Directors in accordance with Rule 4.29 of the Listing Rules and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants to illustrate the effect of the Rights Issue under two scenarios on the unaudited consolidated net tangible assets of the Group attributable to equity holders of the Company as if the Rights Issue had taken place on 31 March 2024. The Unaudited Pro Forma Financial Information has been prepared for two scenarios for illustrative purposes only, based on the judgements, estimates and assumptions of the Directors, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to equity holders of the Company had the Rights Issue been completed as at 31 March 2024 or at any future date.

The Unaudited Pro Forma Financial Information of the Group is prepared by the Directors based on the audited condensed consolidated statement of financial position of the Group as at 31 March 2024, as extracted from the Group's published annual report for the year ended 31 March 2024, after incorporating the unaudited pro forma adjustments described in the accompanying notes.

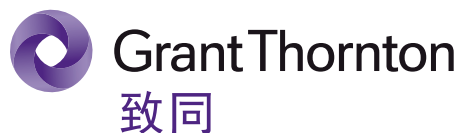
Audited consolidated net tangible assets of the Group attributable to equity holders of the Company as at 31 March 2024	Estimated net proceeds from the Right Issue	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to equity holders of the Company after completion of the Rights Issue	Unaudited consolidated net tangible assets per Share attributable to equity holders of the Company as at 31 March 2024 before completion of the Rights Issue	Unaudited pro forma adjusted consolidated net tangible assets per Share attributable to equity holders of the Company after completion of the Rights Issue
<i>HK\$'000</i> (Note 1)	<i>HK\$'000</i> (Note 2)	<i>HK\$'000</i>	<i>HK\$'000</i> (Note 3)	<i>HK\$'000</i> (Note 4)
Based on 144,000,000 Rights Shares to be issued at a Subscription Price of HK\$0.20 per Rights Share	267,497	27,700	295,197	2.229
<u>267,497</u>	<u>27,700</u>	<u>295,197</u>	<u>2.229</u>	<u>1.118</u>

Notes:

1. The audited consolidated net tangible assets of the Group attributable to equity holders of the Company as at 31 March 2024 is extracted from the annual report of the Company for the year ended 31 March 2024, which is equal to the audited consolidated net assets attributable to equity holders of the Company as at 31 March 2024 of approximately HK\$267,497,000.
2. The estimated net proceeds from the Rights Issue are calculated based on gross proceeds of approximately HK\$28,800,000 from 144,000,000 Rights Shares to be issued at the Subscription Price of HK\$0.20 each per Rights Share, after deduction of the related expenses of approximately HK\$1,100,000 including, among others, placing commission and other professional fees payable by the Company. The estimated net proceeds are approximately HK\$27,700,000.
3. Subsequent to 31 March 2024, the Board implemented the Share Consolidation on the basis that every ten (10) issued and unissued Pre-consolidated Shares of HK\$0.01 each in the share capital of the Company was consolidated into one (1) Share of HK\$0.1 each. As at 31 March 2024, there were 1,200,000,000 Pre-consolidated Shares in issue. The number of Shares in issue upon the Share Consolidation become effective on 14 November 2024 were 120,000,000 Shares.

The unaudited consolidated net tangible assets of the Group attributable to the equity holders of the Company per Share as at 31 March 2024 before completion of the Rights Issue is determined based on the audited consolidated net tangible assets of the Group attributable to equity holders of the Company as at 31 March 2024 of approximately HK\$267,497,000, divided by 120,000,000 Shares as at 31 March 2024 which being adjusted for the Share Consolidation which became effective on 14 November 2024.

4. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the equity holders of the Company per Share as at 31 March 2024 immediately after completion of the Rights Issue is determined based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after completion of Rights Issue of approximately HK\$295,197,000, divided by 264,000,000 Shares which comprise (i) 120,000,000 Shares in issue as at 31 March 2024 and (ii) 144,000,000 Rights Shares to be issued, assuming the Rights Issue has been completed on 31 March 2024.
5. No adjustment has been made to reflect any trading results or other transactions of the Group subsequent to 31 March 2024.



INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Dragon Rise Group Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Dragon Rise Group 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 31 March 2024, and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out on pages 39 to 40 of Appendix II to the Company’s prospectus dated 28 November 2024 (the “**Prospectus**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages 39 to 40 of Appendix II 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 basis of one rights share for every one share held on the Record Date (as defined in the Prospectus) at the subscription price of HK\$0.20 per rights share (the “**Rights Issue**”) on the Group’s financial position as at 31 March 2024 as if the Rights Issue had taken place at 31 March 2024. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s audited consolidated financial statements for the year ended 31 March 2024, on which an annual report has been published.

Directors’ Responsibility for the Unaudited Pro Forma Financial Information

The Directors of the Company 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 Management

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

Our firm applies Hong Kong Standard on Quality Management 1 “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or other Assurance or Related Services Engagements” issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 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 accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 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 an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group 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 31 March 2024 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 unaudited pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

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

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled 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.

Grant Thornton Hong Kong Limited

Certified Public Accountants

Hong Kong, 28 November 2024

Kan Kai Ching

Practicing Certificate No.: P07816

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 (a) as at the Latest Practicable Date were; and (b) immediately following the allotment and issue of the Rights Shares (assuming no further issue or repurchase of Shares from the Latest Practicable Date up to completion of the Rights Issue) will be, as follows:

(a) As at the Latest Practicable Date:

<i>Authorised:</i>		<i>HK\$</i>
1,000,000,000	Shares of HK\$0.10 each	100,000,000.00
 <i>Issued and paid-up share capital:</i>		
144,000,000	Shares of HK\$0.10 each	14,400,000.00

(b) Immediately after the completion of the Rights Issue (assuming no further issue or repurchase of Shares from the Latest Practicable Date up to completion of the Rights Issue):

<i>Authorised:</i>		<i>HK\$</i>
1,000,000,000	Shares of HK\$0.10 each	100,000,000.00
 <i>Issued and paid-up share capital:</i>		
144,000,000	Shares of HK\$0.10 each	14,400,000.00
144,000,000	Rights Shares to be allotted and issued upon completion of the Rights Issue	14,400,000.00
<hr/>		
288,000,000	Shares in issue immediately after completion of the Rights Issue	28,800,000.00
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All of the Rights Shares to be issued will rank pari passu in all respects with all the Shares in issue as at the date of allotment and issue of the Rights Shares. The Rights Shares to be issued will be listed on the Stock Exchange.

As at the Latest Practicable Date, the Company had no outstanding convertible securities, options under the Share Option Scheme or warrants in issue which confer any right to subscribe for, convert or exchange into the Shares and there was no capital of any member of the Group which is under option, or agreed conditionally or unconditionally to be put under option.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

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

As at the Latest Practicable Date, the Company did not hold any treasury shares.

3. DISCLOSURE OF INTERESTS

(a) Interests of Directors and chief executives of the Company

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executives of the Company or their associates in the shares, underlying shares and debentures of the Company or any of 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 and short positions which they have 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) have to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”), were as follows:

Long position in Shares and underlying shares of the Company

Name of Director	Nature of interests	Interest in Shares	Interest in underlying shares	Total interest	Approximate percentage of issued Shares
Mr. Yip (<i>Note</i>)	Interest in the controlled corporation	–	89,000,000	89,000,000	61.80%

Note: Fame Circle, a company incorporated in the Cayman Islands with limited liability is wholly-owned by Mr. Yip. Accordingly, Mr. Yip was deemed to be interested in 89,000,000 Shares held by Fame Circle by virtue of the SFO.

Save as disclosed above, so far as the Directors were aware, as at the Latest Practicable Date, none of the Directors or chief executives of the Company or their associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of 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 and short positions which they have 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) have to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(b) Interests of substantial Shareholders

As far as was known to any Director or chief executive of the Company, as at the Latest Practicable Date, the persons or companies (not being a Director or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed under the provisions of 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 were as follows:

Long position in Shares

Name of substantial Shareholder	Capacity	Number of Shares	Approximate percentage of shareholdings
Fame Circle (Note)	Beneficial owner	89,000,000	61.80%
Mr. Yip	Interest in the controlled corporation	89,000,000	61.80%

Note: Fame Circle, a company incorporated in the Cayman Islands with limited liability is wholly-owned by Mr. Yip. Accordingly, Mr. Yip was deemed to be interested in 89,000,000 Shares held by Fame Circle by virtue of the SFO.

Save as disclosed above, so far as the Directors were aware, as at the Latest Practicable Date, there were no other persons who have an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. DIRECTORS' SERVICE CONTRACTS

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

5. DIRECTORS' INTEREST IN ASSETS

As at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, none of the Directors had any direct or indirect interest in any assets which had been since 31 March 2024 (being the date to which the latest published audited 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. DIRECTORS' INTEREST IN CONTRACT OR ARRANGEMENT

As at the Latest Practicable Date, save for the Underwriting Agreement and the Irrevocable Undertakings, 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.

7. DIRECTORS' INTEREST IN COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors had any business or interest that competes or may compete with the business of the Group and had any other conflict of interest with the Group.

8. MATERIAL LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration or claims which would materially or adversely affect the operations of the Company and no litigation, arbitration or claim which would materially or adversely affect the operations of the Company was known to the Directors to be pending or threatened by or against any member of the Group.

The Group had been involved in a number of claims, litigations and potential claims against the Group in relation to work-related injuries. The Directors are of the opinion that the claims, litigations and potential claims are not expected to have a material impact on the Rights Issue, the Placing Agreement and the Underwriting Agreement.

9. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given opinions, letters or advice contained in this prospectus:

Name	Qualifications
Grant Thornton Hong Kong Limited	Certified Public Accountants

Grant Thornton Hong Kong Limited has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion herein of its letter, advice or report, as the case may be, and reference to its name in the form and context in which it appears.

As at the Latest Practicable Date, Grant Thornton Hong Kong Limited did not have any shareholding, directly or indirectly, in any member of the Group nor did they have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Grant Thornton Hong Kong Limited did not have any direct or indirect interest in any assets which had been, since 31 March 2024 (the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group.

10. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) of the Group have been entered into by the members of the Group during the period commencing two years preceding the Latest Practicable Date and are or may be material:

1. the placing agreement dated 26 July 2024 entered into between the Company and Head & Shoulders in relation to the placing of up to 240,000,000 Pre-consolidated Shares at a placing price of HK\$0.064 per placing Share to not less than six placees who are Independent Third Parties;
2. the Placing Agreement; and
3. the Underwriting Agreement.

11. EXPENSES

The expenses in connection with the Rights Issue, including placing commission, financial advisory fees, printing, registration, translation, legal and accountancy charges are estimated to amount approximately HK\$1.1 million, which are payable by the Company.

12. MATERIAL ADVERSE CHANGE

The Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 March 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up, and up to and including the Latest Practicable Date.

13. CORPORATE INFORMATION

Registered office

Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

Headquarters and principal place of business in Hong Kong	Unit 09, 28/F, North Tower Concordia Plaza 1 Science Museum Road Tsim Sha Tsui Kowloon Hong Kong
Authorised representatives	Mr. Cheung Chun Fai Mr. Leung Hoi Ki
Company secretary	Mr. Leung Hoi Ki
Legal adviser to the Company as to Hong Kong laws	ZM Lawyers 20/F, Central 88 Nos. 88-98 Des Voeux Road Central Central Hong Kong
Financial adviser	Grande Capital Limited Room 2701, 27/F, Tower 1 Admiralty Center 18 Harcourt Road Admiralty Hong Kong
Reporting accountants	Grant Thornton Hong Kong Limited 11/F, Lee Garden Two 28 Yun Ping Road Causeway Bay Hong Kong
Placing agent	Head & Shoulders Securities Limited 28/F, Queen's Road Centre 152 Queen's Road Central Hong Kong
Underwriters	Fame Circle Limited Vistra Corporate Services Wickhams Cay II Road Town Tortola VG1110 British Virgin Islands Head & Shoulders Securities Limited 28/F, Queen's Road Centre 152 Queen's Road Central Hong Kong

Principal share registrar	Ocorian Trust (Cayman) Limited Windward 3, Regatta Office Park PO Box 1350 Grand Cayman KY1-1108 Cayman Islands
Hong Kong branch share registrar and transfer office	Boardroom Share Registrars (HK) Limited 2103B, 21/F 148 Electric Road North Point Hong Kong
Principal bank	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong

14. PARTICULARS OF DIRECTORS OF THE COMPANY

Executive Directors

Mr. YIP Yuk Kit (葉育杰), aged 68, is one of the controlling shareholders, the chairman of the Board, an executive Director and chief executive officer of the Group. He joined the Group in August 1993 and is one of the founders of the Group. He is also a director of each and every wholly-owned subsidiary of the Group.

Mr. Yip is responsible for the overall business development and business strategies of the Group. He has more than 45 years of experience in the foundation industry. In 1977, Mr. Yip commenced his business of earthwork and air compressor rental in Hong Kong through Kit Kee Mechanics* (杰記機械) which was first registered as a sole proprietorship. In 1986, Mr. Yip established Kit Kee Engineering Company* (杰記工程公司) where he engaged in ELS and foundation works in Hong Kong. On 19 August 1993, Mr. Yip co-founded Kit Kee Engineering Limited where Mr. Yip is responsible for overseeing the projects and business development. From August 1993 and up to the present, Mr. Yip is the managing director of Kit Kee Engineering Limited.

Mr. CHEUNG Chun Fai (張振輝) (“Mr. Cheung”), aged 54, is an executive Director of the Group. He joined the Group in October 1996. Mr. Cheung is responsible for the overall management and business operations of the Group.

Mr. Cheung has over 25 years of experience in the foundation industry. Mr. Cheung was a technician at Fugro-McClelland Geotechnical Services (Hong Kong) Limited from July 1990 to September 1991 and a resident technical officer (laboratory) of Maunsell Consultants Asia Limited from December 1991 to January 1993. From March 1993 to April 1995, Mr. Cheung worked in the Water Suppliers Department of the Government as a technical officer. He then worked in High-Point Rendel (HK) Limited as a technical officer from May 1995 to June 1996 and was a site engineer at Hsin Chong (Foundations) Limited from June 1996 to September 1996. Mr. Cheung joined the Group in October 1996 as a site engineer. He was subsequently promoted to the position of project manager in 2006 and was further promoted to the position of director in 2017. Mr. Cheung obtained a Higher Diploma in Building from the City University of Hong Kong in November 1995.

Independent Non-executive Directors

Mr. CHAN Ka Yu (陳家宇) (“Mr. KY Chan”), aged 45, was appointed as an independent non-executive Director on 18 January 2018. Mr. KY Chan has over 15 years of working experience in professional accounting, financial reporting, compliance services and corporate finance such as initial public offerings. Since June 2013, he has been working as the chief financial officer of Virtual Mind Holding Company Limited (天機控股有限公司) (stock code: 1520), the shares of which are listed on the Main Board of the Stock Exchange.

Mr. KY Chan is currently an independent non-executive director of TS Wonders Holding Limited (stock code: 1767), the shares of which are listed on the Main Board of the Stock Exchange. Mr. KY Chan obtained a degree of Bachelor of Commerce in Accounting from Hong Kong Shue Yan University in October 2009. He is a member of Hong Kong Institute of Certified Public Accountants since March 2009.

Mr. LEE Kwok Lun (李國麟) (“Mr. Lee”), aged 41, was appointed as an independent non-executive Director on 18 January 2018.

Mr. Lee has over 15 years of experience in accounting, audit, corporate finance and financial management. Mr. Lee obtained a degree of Bachelor of Arts (Hons) in Accounting from the University of Hertfordshire in September 2006. He is a member of the Association of Chartered Certified Accountants since January 2013 and a member of the Hong Kong Institute of Certified Public Accountants since September 2013. Mr. Lee is currently an independent non-executive Director of Wing Chi Holdings Limited (stock code: 6080), and Ever Reach Group (Holdings) Company Limited (stock code: 3616), the shares of which are listed on the Main Board of the Stock Exchange.

Mr. CHAN Wa Shing (陳華勝) (“Mr. WS Chan”), aged 62, was appointed as an independent non-executive Director on 26 March 2019.

Mr. WS Chan, is a barrister-at-law of Hong Kong. He joined the Hong Kong Police Force in 1986 and retired in 2016 with his last position being chief superintendent. During his employment with the Hong Kong Police Force, he was called to the bar in Hong Kong in 1996.

Mr. WS Chan graduated with a bachelor of science in pharmacology from the University of Portsmouth (previously known as Portsmouth Polytechnic) in 1983. He obtained a postgraduate diploma in business studies from London School of Economics in 1985 and further obtained a master degree in public administration from the University of Hong Kong in 1998.

Business address of the Directors

The business address of the Directors is the same as the Company's headquarters and principal place of business in Hong Kong at Unit 09, 28/F, North Tower, Concordia Plaza, 1 Science Museum Road, Tsim Sha Tsui, Kowloon, Hong Kong.

Company secretary

Mr. LEUNG Hoi Ki (梁海祺) ("Mr. Leung"), aged 36, has been the company secretary of our Group since March 2017. He is responsible for company secretarial matters of our Group. Mr. Leung was admitted as a member of the Hong Kong Institute of Certified Public Accountant in March 2015.

15. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

A copy of each of the Prospectus Documents and the written consent as referred to under the paragraph headed "9. EXPERTS AND CONSENTS" in this appendix, have been registered by the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

16. BINDING EFFECT

The Prospectus Documents and all acceptances of any offer or application contained therein are governed by and shall be construed in accordance with the laws of Hong Kong. The Prospectus Documents shall have the effect, if an application is made in pursuance thereof, of rendering all persons concerned bound by all provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), so far as applicable.

17. MISCELLANEOUS

The English text of this prospectus shall prevail over the respective Chinese text in the case of inconsistency.

As at the Latest Practicable Date, the Directors were not aware of any restriction affecting the remittance of profit or repatriation of capital of the Group into Hong Kong from outside Hong Kong.

18. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.kitkee.com.hk) for 14 days from the date of this prospectus:

- (a) the assurance report issued by the independent reporting accountants regarding the unaudited pro forma financial information as set out in appendix II to this prospectus;
- (b) the written consents referred to in the paragraph headed “9. EXPERTS AND CONSENTS” in this appendix;
- (c) the material contracts, referred in the paragraph headed “10. MATERIAL CONTRACTS” in this appendix;
- (d) the Circular; and
- (e) the Prospectus Documents.

* *For identification purpose only*