

THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Shen You Holdings Limited, you should at once hand the Prospectus Documents to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the sub-section headed "14. Documents delivered to the Registrar of Companies in Hong Kong" in Appendix III to this Prospectus, has been registered by the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong, The Stock Exchange of Hong Kong Limited and the Securities and Futures Commission of Hong Kong take no responsibility for the contents of any of the Prospectus Documents.

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

SHEN YOU HOLDINGS LIMITED

申酉控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8377)

**PROPOSED RIGHTS ISSUE
ON THE BASIS OF ONE RIGHTS SHARE
FOR EVERY TWO EXISTING SHARES HELD ON RECORD DATE
AND
CHANGE IN BOARD LOT SIZE**

Financial Adviser to the Company



YU MING INVESTMENT MANAGEMENT LIMITED
尚銘投資管理有限公司

Underwriter to the Rights Issue



UPBEST SECURITIES COMPANY LIMITED

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

Dealings in the Rights Shares in the nil-paid form will take place from Friday, 22 May 2020 to Friday, 29 May 2020 (both days inclusive). If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Friday, 22 May 2020 to Friday, 29 May 2020 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its/their own professional advisers.

It should be noted that the Underwriting Agreement contains provisions granting the Underwriter the right to terminate the obligations of the Underwriter thereunder on the occurrence of certain events including force majeure. These certain events are set out in the paragraph headed "Termination of the Underwriting Agreement" on pages 3 to 4 of this Prospectus. If the Underwriting Agreement is terminated by the Underwriter or does not become unconditional, the Rights Issue will not proceed.

The latest time for acceptance of and payment for the Rights Shares and for application is 4:00 p.m. on Wednesday, 3 June 2020. The procedure for acceptance and transfer is set out on pages 14 to 15 of this Prospectus.

20 May 2020

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

CONTENTS

	<i>Page</i>
EXPECTED TIMETABLE	1
TERMINATION OF THE UNDERWRITING AGREEMENT	3
DEFINITIONS	5
LETTER FROM THE BOARD	10
APPENDIX I — FINANCIAL INFORMATION OF THE GROUP	I-1
APPENDIX II — UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP	II-1
APPENDIX III — GENERAL INFORMATION	III-1

EXPECTED TIMETABLE

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

Expected Timetable

2020

First day of dealing in nil-paid Rights Shares	Friday, 22 May
Latest time for splitting of the PAL	4:30 p.m. on Tuesday, 26 May
Last day of dealing in nil-paid Rights Shares	Friday, 29 May
Latest Time for Acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares	4:00 p.m. on Wednesday, 3 June
Latest Time for Termination of the Underwriting Agreement and for the Rights Issue to become unconditional	4:00 p.m. on Thursday, 4 June
Announcement of allotment results	Thursday, 11 June
Despatch of certificates for fully-paid Rights Shares and refund cheques, if any, in respect of wholly or partially unsuccessful application for excess Rights Shares	Friday, 12 June
Expected first day of dealings in fully-paid Rights Shares	9:00 a.m. on Monday, 15 June
Effective date of change in board lot size from 10,000 Shares to 50,000 Shares	9:00 a.m. on Monday, 15 June
Designated broker starts to stand in the market to provide matching services for odd lots of Shares	9:00 a.m. on Monday, 15 June
Designated broker ceases to stand designated broker to provide matching services for odd lots of Shares	4:00 p.m. on Wednesday, 8 July

All references to time and dates in this Prospectus are references to Hong Kong time and dates. Dates stated in this Prospectus for events in the timetable are indicative only and may be extended or varied. Any changes to the anticipated timetable for the Rights Issue will be announced by the Company as and when appropriate.

EXPECTED TIMETABLE

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

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

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Wednesday, 3 June 2020. Instead the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Wednesday, 3 June 2020. Instead the latest time 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 in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for acceptance of and payment for the Rights Shares does not take place on or before 4:00 p.m. on Wednesday, 3 June 2020, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

TERMINATION OF THE UNDERWRITING AGREEMENT

TERMINATION OF THE UNDERWRITING AGREEMENT

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

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

TERMINATION OF THE UNDERWRITING AGREEMENT

- (iv) any event of force majeure occurs, including without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (v) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole occurs, whether or not ejusdem generis with any of the foregoing; or
- (vi) any matter occurs which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of any of the Underwriter, a material omission in the context of the Rights Issue; or
- (vii) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten (10) consecutive business days occurs, excluding any halt or suspension in connection with the clearance of the Announcement or the Prospectus Documents or other announcements or prospectus in connection with the Rights Issue; or
- (viii) any moratorium, suspension or material restriction on trading of the Shares on the Stock Exchange occurs due to exceptional financial circumstances or otherwise,

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

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

As at the Latest Practicable Date, Three Gates (the controlling Shareholder of the Company and being a company which is wholly and ultimately owned by Mr. Wong) is beneficially interested in an aggregate of 600,000,000 Shares, representing 75% of the issued share capital of the Company. The Company has not received any indication from Three Gates whether it will subscribe or procure its nominee(s) to subscribe for any Rights Shares in respect of its provisional entitlement under the Rights Issue. In the event Three Gates decides not to take up its entitlement under the Rights Issue, Three Gate's shareholding will be diluted to 50% of the entire issued share capital of the Company and will remain as the controlling Shareholder of the Company immediately upon completion of the Rights Issue.

Save for the above, 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.

DEFINITIONS

In this Prospectus, unless the context otherwise requires, the following expressions have the meanings as set out below:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Announcement”	the announcement of the Company dated 9 April 2020 in relation to the Rights Issue
“associates”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday or Sunday or public holiday or a day on which a tropical cyclone warning signal no. 8 or above or “black” rainstorm warning signal is hoisted or remains hoisted in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at nor before 12:00 noon) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Shen You Holdings Limited (申酉控股有限公司), a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM
“connected person”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“EAF(s)”	the form(s) of application for use by the Qualifying Shareholders who wish to apply for excess Rights Shares, being in such form as may be agreed between the Company and the Underwriter
“Extension Letter”	the extension letter dated 27 April 2020 entered into by the Company and the Underwriter to mutually extend the relevant dates under the Underwriting Agreement
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Committee”	has the meaning ascribed to it in the GEM Listing Rules
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries

DEFINITIONS

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, are independent of and not acting in concert or connected with the Company and its connected persons or any of their respective associates
“Last Trading Day”	9 April 2020, being the last full trading day of the Shares on the Stock Exchange prior to the release of the Announcement
“Latest Lodging Time”	4:30 p.m. on Monday, 20 April 2020, being the latest time for the Shareholders to lodge transfer of Shares in order to qualify for the Rights Issue
“Latest Practicable Date”	14 May 2020, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information referred to in this Prospectus
“Latest Time for Acceptance”	4:00 p.m. on Wednesday, 3 June 2020 or such later time or date as may be agreed between the Underwriter and the Company, being the latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus Documents
“Latest Time for Termination”	4:00 p.m. on the first Business Day after the Latest Time for Acceptance or such later time or date as may be agreed between the Underwriter and the Company, being the latest time to terminate the Underwriting Agreement
“Mr. Wong”	Mr. Wong Kwok Wai, Albert, the Chairman, an executive Director and the chief executive officer of the Company
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, based on legal opinions provided by the Company’s legal advisers, consider it necessary or expedient not to offer the Rights Shares to such Shareholders on account either of restrictions under the laws of the relevant place or the requirements of a relevant regulatory body or stock exchange in that place

DEFINITIONS

“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong
“PAL(s)”	the renounceable provisional allotment letter(s) in respect of the Rights Issue proposed to be issued to the Qualifying Shareholders
“Prospectus”	this prospectus dated 20 May 2020 and issued by the Company in relation to the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL and the EAF
“Prospectus Posting Date”	20 May 2020, being the date of despatch of the Prospectus Documents
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholders
“Record Date”	27 April 2020, being the date of determination of the entitlements under the Rights Issue
“Registrar”	the share registrar of the Company in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Rights Issue”	the issue by way of rights on the basis of one (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Rights Share(s)”	Shares to be issued and allotted under the proposed Rights Issue on the basis of one (1) Rights Share for every two (2) existing Shares in issue on the Record Date, being 400,000,000 Shares
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company

DEFINITIONS

“Share Charge”	<p>a share charge over 400,000,000 Shares held by Three Gates executed on 1 April 2019 in favour of Gold-Face Finance Limited (“Gold-Face”) as security for a loan granted to Mr. Wong</p> <p>Gold-Face is wholly-owned by Upbest Credit and Mortgage Limited, which in turn is wholly-owned by Upbest Strategic Company Limited and Good Foundation Company Limited in equal parts, which in turn are both wholly-owned by Upbest Financial Holdings Limited, which in turn is wholly-owned by Upbest Group Limited; Upbest Credit and Mortgage Limited, Upbest Strategic Company Limited, Good Foundation Company Limited, Upbest Financial Holdings Limited and Upbest Group Limited are all deemed to be interested in the security interest in the 400,000,000 Shares charged in favour of Gold-Face by virtue of the SFO</p>
“Shareholder(s)”	holder(s) of issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.043 per Rights Share
“substantial shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“Supplemental Underwriting Agreement”	the supplemental underwriting agreement dated 7 May 2020 entered into between the Company and the Underwriter in relation to the modification and variation of certain terms of and reflecting the changes of the relevant dates for the Rights Issue as referred to in the Underwriting Agreement
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers (as amended and supplemented from time to time)
“Three Gates”	Three Gates Investment Limited, a company incorporated in the British Virgin Islands, which is the legal and beneficial owner of 600,000,000 existing Shares up to and including the Latest Lodging Time, is wholly-owned by Mr. Wong
“Underwriter”	Upbest Securities Company Limited, a corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO whose ordinary course of business includes underwriting of securities

DEFINITIONS

“Underwriting Agreement”	the underwriting agreement dated 9 April 2020 (as amended and supplemented by the Extension Letter and the Supplemental Underwriting Agreement) entered into between the Company and the Underwriter in relation to the Rights Issue
“Underwritten Share(s)”	all the Rights Shares which are fully underwritten by the Underwriter pursuant to the terms and conditions set out in the Underwriting Agreement, being 400,000,000 Rights Shares
“Untaken Shares”	all those Underwritten Shares not taken up by the Qualifying Shareholders on or before the Latest Time for Acceptance
“%”	Percentage

In case of inconsistency, the English text of this Prospectus shall prevail over its Chinese text.

LETTER FROM THE BOARD

SHEN YOU HOLDINGS LIMITED

申酉控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8377)

Executive Directors:

Mr. Wong Kwok Wai, Albert (*Chairman and
Chief Executive Officer*)
Mr. Chan Yiu Tung, Enoch

Registered Office:

Clifton House, 75 Fort Street
P.O. Box 1350 Grand Cayman
KY1-1108
Cayman Islands

Non-executive Director:

Mr. Gao Biao

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

Unit 1006, 10/F
Harbour Crystal Centre
100 Granville Road
Tsim Sha Tsui East
Kowloon, Hong Kong

Independent non-executive Directors:

Dr. Yeung Ngai Man, John
Mr. Sung Alfred Lee Ming
Mr. Zhang Guofu

20 May 2020

To the Shareholders

Dear Sir or Madam,

**PROPOSED RIGHTS ISSUE
ON THE BASIS OF ONE RIGHTS SHARE
FOR EVERY TWO EXISTING SHARES HELD ON RECORD DATE
AND
CHANGE IN BOARD LOT SIZE**

INTRODUCTION

References are made to the announcements of the Company dated 9 April 2020, 17 April 2020, 27 April 2020, 29 April 2020 and 7 May 2020, respectively, in relation to, among other things, the Rights Issue and change in board lot size. On 9 April 2020 (after trading hours), the Underwriter and the Company entered into the Underwriting Agreement, pursuant to which, the Underwriter has conditionally agreed to underwrite all the Underwritten Shares subject to the terms and conditions set out in the Underwriting Agreement. On the same day, the Board proposed to implement the Rights Issue on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date at the Subscription Price of HK\$0.043 per Rights Share to raise approximately HK\$17.2 million by issuing 400,000,000 Rights Shares to the Qualifying Shareholders. The Rights Issue is only available to the Qualifying Shareholders.

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

LETTER FROM THE BOARD

RIGHTS ISSUE

Issue statistics

Basis of the Rights Issue	:	one (1) Rights Share for every two (2) existing Shares held on the Record Date
Subscription Price	:	HK\$0.043 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	800,000,000 Shares
Number of Rights Shares	:	400,000,000 Rights Shares
Aggregate nominal value of the Rights Share	:	HK\$4,000,000
Number of Shares as enlarged by the allotment and issue of the Rights Shares	:	1,200,000,000 Shares
Number of Rights Shares Underwritten by the Underwriter	:	all the Rights Shares which are fully underwritten by the Underwriter pursuant to the terms and conditions set out in the Underwriting Agreement, being 400,000,000 Rights Shares

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

Assuming no Shares are issued or repurchased on or before the Record Date, 400,000,000 Rights Shares to be issued pursuant to the terms of the proposed Rights Issue represent (i) 50% of the total number of issued Shares as at the Latest Practicable Date; and (ii) approximately 33.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

Qualifying Shareholders

The Company will send the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not be a Non-Qualifying Shareholder on the Record Date. In order to be registered as members of the Company on the Record Date, a Shareholder must lodge the relevant transfer(s) of Share(s) (with the relevant share certificates) with the Registrar by 4:30 p.m. on Monday, 20 April 2020. The last day of dealing in the Shares on cum-rights basis was Thursday, 16 April 2020. The Shares have been dealt with on an ex-rights basis from Friday, 17 April 2020.

LETTER FROM THE BOARD

Shareholders whose Shares are held by nominee companies (or which are deposited in CCASS) should note that the Board will regard a nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies (or which are deposited in CCASS) were advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

Rights of Overseas Shareholders

Overseas Shareholders may not be eligible to take part in the Rights Issue. The Prospectus Documents have not been and will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong.

Based on the register of members of the Company as at the Record Date, there was no Overseas Shareholder. Accordingly, there was no Non-Qualifying Shareholder for the purpose of the Rights Issue.

Subscription Price

The Subscription Price is HK\$0.043 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for excess Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (a) a discount of approximately 23.2% to the closing price of HK\$0.056 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a discount of approximately 12.2% to the closing price of HK\$0.049 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a discount of approximately 12.2% to the average of the closing prices of HK\$0.049 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day;
- (d) a discount of approximately 8.5% to the theoretical ex-rights price of HK\$0.047 per Share as adjusted for the effect of the Rights Issue, based on the closing price of HK\$0.049 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (e) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) represented by a discount of approximately 4.1%, represented by the theoretical diluted price of approximately HK\$0.047 per Share to the benchmarked price of approximately HK\$0.049 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.049 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five previous consecutive trading days prior to the Last Trading Day of approximately HK\$0.049 per Share).

LETTER FROM THE BOARD

The Subscription Price was determined after arm's length negotiation between the Company and the Underwriter with reference to, among others, (i) the market price of the Shares under the prevailing market conditions; (ii) the latest business performance and financial position of the Group; and (iii) the reasons for and benefits of proposed Rights Issue as discussed in the section headed "Reasons for and Benefits of the Rights Issue and Intended Use of Proceeds" in this Prospectus.

The Directors (including the independent non-executive Directors) consider that, despite any potential dilution impact of the proposed Rights Issue on the shareholding interests of the Shareholders, the terms of the proposed Rights Issue, including the Subscription Price, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole, after taking into account the following factors: (i) the proposed Rights issue allows the Qualifying Shareholders an equal opportunity to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company; (ii) the Subscription Price representing a discount of approximately 12.2% and 23.2% to the closing price on the Last Trading Day and the Latest Practicable Date, respectively would encourage the Qualifying Shareholders to subscribe for their pro-rata Rights Shares and participate in the future development of the Group; (iii) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the proposed Rights Issue are able to sell the nil-paid rights in the market; and (iv) the proceeds from the Rights Issue can fulfil the funding needs of the Group.

Basis of provisional allotment

The basis of the provisional allotment shall be one (1) Rights Share for every two (2) existing Shares in issue and held by the Qualifying Shareholders at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents.

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

Fractional entitlements to the Rights Shares

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

LETTER FROM THE BOARD

Application for the Rights Shares

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

Procedures for acceptance and payment or transfer

A PAL is enclosed with this Prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of Rights Shares shown therein. If a Qualifying Shareholder wishes to accept all the Rights Shares provisionally allotted to him/her/it as specified in the PAL, he/she/it must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance with the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, by not later than 4:00 p.m. on Wednesday, 3 June 2020. All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to "**TRICOR INVESTOR SERVICES LIMITED — A/C No. 030**" and crossed "**ACCOUNT PAYEE ONLY**". It should be noted that unless the PAL, together with the appropriate remittance, have been lodged with the Registrar by not later than 4:00 p.m. on Wednesday, 3 June 2020, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. The Company may, at its sole discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require such incomplete PAL to be completed by the relevant applicants at a later stage.

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or to transfer part or all of his/her/its rights to more than one person, the entire PAL must be surrendered and lodged for cancellation by not later than 4:30 p.m. on Tuesday, 26 May 2020 to the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection from the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, after 9:00 a.m. on the second Business Day after the surrender of the original PAL.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques or cashier's orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier's order, whether by a Qualifying Shareholder or by any nominated transferee(s), will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the

LETTER FROM THE BOARD

Company reserves the right to reject any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

If the Underwriter exercises the right to terminate or rescind the Underwriting Agreement or if the condition of the Rights Issue as set out in the paragraph headed "Conditions of the Rights Issue" below is not fulfilled, the monies received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in their nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on or before Friday, 12 June 2020.

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

Application for excess Rights Shares

Qualifying Shareholders may apply, by way of excess application, for (i) any unsold entitlements of the Non-Qualifying Shareholder (if any); and (ii) any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares.

Application for excess Rights Shares can be made by the Qualifying Shareholders only and by duly completing and signing an EAF (in accordance with the instructions printed therein) and lodging the same with a separate remittance for the excess Rights Shares being applied for with the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:00 p.m. on Wednesday, 3 June 2020.

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

- (i) any excess Rights Shares will be allocated to Qualifying Shareholders who apply for them on a pro rata basis by reference to the number of the excess Rights Shares applied for under each application;
- (ii) no reference will be made to the Rights Shares subscribed through applications by PALs or the existing number of Shares held by Qualifying Shareholders;
- (iii) no preference will be given to applications for topping up odd-lot holdings to whole lot holdings; and
- (iv) pursuant to Rule 10.31(3)(b) of the GEM Listing Rules, the Company will also take steps to identify the applications for excess Rights Shares made by any controlling shareholder or its associates (together, the "**Relevant Shareholders**"), whether in their own names or through nominees. The Company shall disregard the Relevant Shareholders' applications for excess Rights Shares to the extent that the total number of excess Rights Shares they have applied for exceeds a maximum number

LETTER FROM THE BOARD

equivalent to the total number of Rights Shares offered under the Rights Issue minus the number of Rights Shares taken up by the Relevant Shareholders under their assured entitlement to the Rights Shares.

Shareholders with their Shares held by a nominee company (or which are deposited in CCASS) should note that the Board will regard such nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to the relevant beneficial owners individually. Shareholders with their Shares held by a nominee company (or which are held in CCASS) were advised to consider whether they would like to arrange for the registration of the relevant Shares under their own names on or prior to the Record Date for the purpose of the Rights Issue. Shareholders and investors should consult their professional advisers if they are in doubt as to their status.

Application for excess Rights Shares can be made only by duly completing and signing an EAF (in accordance with the instructions printed therein) and lodging the same with a separate cheque or banker's cashier order for the sum payable for the excess Rights Shares being applied for with the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by not later than 4:00 p.m. on Wednesday, 3 June 2020 (Hong Kong time). All remittances must be made in Hong Kong dollars by cheques which must be drawn on a bank account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to "**TRICOR INVESTOR SERVICES LIMITED — A/C No. 033**" and crossed "**ACCOUNT PAYEE ONLY**". The Registrar will notify the relevant Qualifying Shareholders of any allotment of excess Rights Shares made to them. An announcement of results of acceptance of and excess applications for the Rights Issue will be published on the websites of the Stock Exchange and the Company on Thursday, 11 June 2020.

Where the number of excess Rights Shares applied for under one EAF is larger than the total number of Rights Shares being offered under the Rights Issue, being 400,000,000 Rights Shares, such application (other than from a nominee company) would be treated as invalid and be rejected. If no excess Rights Shares are allotted to a Qualifying Shareholder, the amount tendered on application is expected to be returned by refund cheque to that Qualifying Shareholder in full by ordinary post by the Registrar at his/her/its own risk on or before Friday, 12 June 2020. If the number of excess Rights Shares allotted to a Qualifying Shareholder is fewer than that applied for, the surplus application monies are also expected to be returned by refund cheque to that Qualifying Shareholder by ordinary post by the Registrar at his/her/its own risk on or before Friday, 12 June 2020.

All cheques or cashier's orders will be presented for payment following receipt and all interest earned on such monies will be retained for the benefit of the Company. Completion and return of the EAF will constitute a warranty and representation to the Company that all registration, legal and regulatory requirements of all relevant jurisdictions in connection with the EAF and any acceptance of it have been, or will be, duly complied with. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give or be subject to any of the above representations and warranties. Completion and return of the EAF together with a cheque or a cashier's order in payment for the excess Rights Shares applied for will constitute

LETTER FROM THE BOARD

a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, any EAF in respect of which a cheque or a cashier's order is dishonoured on first presentation is liable to be rejected.

The EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including cheques or cashier's orders for amounts due, will be sent by ordinary post at the risk of the persons entitled thereto to their registered addresses by the Registrar. The Company may, at its discretion, treat an EAF as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the EAF is not completed in accordance with the relevant instructions. The Company may require such incomplete EAF to be completed by the relevant applicants at a later stage.

If the Underwriter exercises the right to terminate or rescind the Underwriting Agreement or if the condition of the Rights Issue as set out in the paragraph headed "Conditions of the Rights Issue" below is not fulfilled, the monies received in respect of application for excess Rights Shares will be returned to the Qualifying Shareholders or, in the case of joint applicants, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on or before Friday, 12 June 2020.

Status of the Rights Shares

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

Share certificates and refund cheques for the Rights Issue

Subject to the fulfillment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Friday, 12 June 2020.

If the Underwriting Agreement is terminated or not becoming unconditional, refund cheques will be despatched on or before Friday, 12 June 2020 by ordinary post at the respective Shareholders' own risk. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are also expected to be posted on or before Friday, 12 June 2020 by ordinary post to the applicants at their own risk, to their registered addresses.

Application for listing of the Rights Shares

The Company has made an application to the GEM Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms.

LETTER FROM THE BOARD

No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

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

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

All necessary arrangements will be made to enable the Rights Shares in both their nil-paid and fully-paid forms to be admitted into CCASS.

Qualifying Shareholders who do not fully take up the Rights Shares to which they are provisionally allotted should note that their shareholdings in the Company will be diluted.

Dealing in the Rights Shares in both their nil-paid and fully-paid forms which will be in the new board lots of 50,000 Rights Shares. Dealings in the Rights Shares will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Taxation

Qualifying Shareholders are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for the Rights Shares, or about purchasing, holding or disposals of, or dealings in or exercising any rights in relation to the Shares or the Rights Shares. It is emphasised that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Shares or the Rights Shares in both their nil-paid and fully-paid forms.

Conditions of the Rights Issue

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

LETTER FROM THE BOARD

Arrangement on odd lot trading

In order to facilitate the trading of odd lots (if any) of the Shares arising from the Rights Issue and proposed change in board lot size, the Company has appointed Upbest Securities Company Limited as an agent to provide odd lot matching services, on a best effort basis, to the Shareholders who wish to top up or sell their holdings of odd lots of the Shares to a full new board lot during the period from 9:00 a.m. on Monday, 15 June 2020 to 4:00 p.m. on Wednesday, 8 July 2020 (both dates inclusive). Shareholders should note that matching of the sale and purchase of odd lots of the Shares is on a best effort basis and successful matching of the sale and purchase of such odd lots is not guaranteed. Shareholders who wish to take advantage of this service should contact Mr. Tong Wai Tong of Upbest Securities Company Limited at 2/F, Wah Kit Commercial Centre, 302 Des Voeux Road Central, Hong Kong or at telephone number (852) 2545 3298 during office hours (i.e. 9:00 a.m. to 6:00 p.m.) of such period. Shareholders who are in doubt about this service are recommended to consult their professional advisors.

THE UNDERWRITING AGREEMENT

Pursuant to the Underwriting Agreement, the Underwriter has conditionally agreed to fully underwrite all Underwritten Shares, subject to the terms and conditions of the Underwriting Agreement. The principal terms of the Underwriting Agreement are as follows:

Date	:	9 April 2020 (after trading hours), and amended and supplemented by the Extension Letter and the Supplemental Underwriting Agreement
Underwriter	:	Upbest Securities Company Limited
Number of Rights Shares	:	400,000,000 Rights Shares
Underwriting commitment of the Underwriter	:	All the Rights Shares which are fully underwritten by the Underwriter pursuant to the terms and conditions set out in the Underwriting Agreement, being 400,000,000 Rights Shares
Underwriting Commission	:	3.5 % of the aggregate Subscription Price in respect of the maximum number of the Underwritten Shares

The Underwriter is a company incorporated in Hong Kong with limited liability and a corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO whose ordinary course of business includes underwriting of securities. As at the Latest Practicable Date, the Underwriter is a wholly-owned subsidiary of Upbest Group Limited, which is in turn deemed to be interested in security interests in 400,000,000 Shares through its subsidiary by virtue of the Share Charge, in accordance with the SFO. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Underwriter and its ultimate beneficial owner(s) are Independent Third Parties.

LETTER FROM THE BOARD

The terms of the Underwriting Agreement, including the underwriting commission rate, were determined after arm's length negotiation between the Company and the Underwriter with reference to the existing financial position of the Group, the size of the Rights Issue, and the current and expected market condition.

The Board considers that the level of underwriting commission rate of 3.5% to be charged by the Underwriter conforms with the prevailing market rates charged by other underwriters for rights issues which is approximately 1.0% to 4.0%. The Directors consider the entering into of the Underwriting Agreement with the Underwriter and the terms of the Underwriting Agreement (including the underwriting commission) to be fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Conditions of the Underwriting Agreement

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

- (a) the delivery to the Stock Exchange for authorization 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 GEM 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;
- (b) the posting of the Prospectus Documents to the Qualifying Shareholders by the Prospectus Posting Date and the posting of the Prospectus and a letter in the agreed form to the Non-Qualifying Shareholders, if any, for information purposes only explaining the circumstances in which they are not permitted to participate in the Rights Issue on or before the Prospectus Posting Date;
- (c) the GEM Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and the permission to deal in, the Rights Shares (in their nil-paid and fully-paid forms) by no later than the business day prior to the first day of their dealings;
- (d) the Underwriting Agreement not being terminated or rescinded by the Underwriter pursuant to the terms thereof on or before the Latest Time for Termination;
- (e) the compliance with and performance of all the undertakings and obligations of the Company under the terms of the Underwriting Agreement;
- (f) there being no event which would have rendered any of the warranties given by the Company under the Underwriting Agreement untrue or incorrect in any material respect occurring prior to the Latest Time for Termination;

LETTER FROM THE BOARD

- (g) the Shares remaining listed on GEM of the Stock Exchange at all times prior to the settlement date and the listing of the Shares not having been withdrawn or the trading of the Shares not having been suspended for a consecutive period of more than 10 trading days at any time prior to the Latest Time for Acceptance; and
- (h) compliance with the requirements under the applicable laws and regulations of Hong Kong and the Cayman Islands.

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

As at the Latest Practicable Date, none of the conditions set out above has been satisfied or waived.

Termination of the Underwriting Agreement

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

- (i) in the absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or

LETTER FROM THE BOARD

- (ii) any material adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction of trading in securities) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (iii) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter shall affect the prospects of the Company, including without limiting the generality of the foregoing, the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any member of the Group or the destruction of any material asset of the Group; or
- (iv) any event of force majeure occurs, including without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (v) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole occurs, whether or not ejusdem generis with any of the foregoing; or
- (vi) any matter occurs which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of any of the Underwriter, a material omission in the context of the Rights Issue; or
- (vii) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten (10) consecutive business days occurs, excluding any halt or suspension in connection with the clearance of the Announcement or the Prospectus Documents or other announcements or prospectus in connection with the Rights Issue; or
- (viii) any moratorium, suspension or material restriction on trading of the Shares on the Stock Exchange occurs due to exceptional financial circumstances or otherwise,

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

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

LETTER FROM THE BOARD

As at the Latest Practicable Date, Three Gates (the controlling Shareholder of the Company and being a company which is wholly and ultimately owned by Mr. Wong) is beneficially interested in an aggregate of 600,000,000 Shares, representing 75% of the issued share capital of the Company. The Company has not received any indication from Three Gates whether it will subscribe or procure its nominee(s) to subscribe for any Rights Shares in respect of its provisional entitlement under the Rights Issue. In the event Three Gates decides not to take up its entitlement under the Rights Issue, Three Gate's shareholding will be diluted to 50% of the entire issued share capital of the Company and will remain as the controlling Shareholder of the Company immediately upon completion of the Rights Issue.

Save for the above, 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.

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

Set out below is the shareholding structure of the Company as at the Latest Practicable Date and the effect on the shareholding structure of the Company upon completion of the Rights Issue in the manner contemplated under the Underwriting Agreement (assuming there is no change in number of issued Shares from the Latest Practicable Date up to and including the date of completion of the Rights Issue):

	(i) As at the Latest Practicable Date		(ii) Immediately upon completion of the Rights Issue assuming full acceptance by all Qualifying Shareholders under the Rights Issue		(iii) Immediately upon completion of the Rights Issue assuming full acceptance by all Qualifying Shareholders (other than Three Gates) under the Rights Issue (Note 2)		(iv) Immediately upon completion of the Rights Issue assuming no acceptance by the Qualifying Shareholders under the Rights Issue (Note 2)	
					Number of Shares		Number of Shares	
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Three Gates (Note 1)	600,000,000	75	900,000,000	75	600,000,000	50	600,000,000	50
Public Shareholders								
Underwriter	—	—	—	—	300,000,000	25	400,000,000	33.33
Other public Shareholders	200,000,000	25	300,000,000	25	300,000,000	25	200,000,000	16.67
Subtotal	200,000,000	25	300,000,000	25	600,000,000	50	600,000,000	50
Total	800,000,000	100.00	1,200,000,000	100.00	1,200,000,000	100.00	1,200,000,000	100.00

Note 1: Three Gates is owned as to 100% by Mr. Wong who is deemed to be interested in 600,000,000 Shares pursuant to the Part XV of the SFO.

Note 2: Under the Underwriting Agreement, the Underwriter will ensure and confirm that (i) each of the subscribers or purchasers of the Untaken Shares procured by it shall be third party independent of, not acting in concert (within the meaning of the Takeovers Code) with and not connected with any Directors, chief executive or substantial Shareholders of the Company or its subsidiaries or any of their respective associates (as defined in the GEM Listing Rules); (ii) the Underwriter and each of

LETTER FROM THE BOARD

the subscribers or purchasers of the Untaken Shares procured by it will not hold 10% or more of the issued share capital of the Company immediately upon completion of the Rights Issue; (iii) the public float requirements under the GEM Listing Rules shall be fulfilled by the Company upon completion of the Rights Issue; and (iv) any subscription or purchase of the Untaken Shares by the Underwriter and each of the subscribers or purchasers procured by the Underwriter shall not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the Underwriter and the subscribers or purchasers procured by the Underwriter upon completion of the Rights Issue.

The Underwriter has confirmed to the Company that, as at the Latest Practicable Date, it has engaged eight sub-underwriters (the “**Sub-underwriters**”) who are Independent Third Parties to sub-underwrite an aggregate of 302,500,000 Underwritten Shares. The eight Sub-underwriters had agreed to take up 30,000,000 Underwritten Shares, 6,000,000 Underwritten Shares, 18,000,000 Underwritten Shares, 22,500,000 Underwritten Shares, 55,000,000 Underwritten Shares, 57,000,000 Underwritten Shares and 57,000,000 Underwritten Shares respectively, under the respective sub-underwriting agreements (the “**Sub-underwriting Agreements**”) entered separately by each of the Sub-underwriters with the Underwriter on 14 April 2020. The Underwriter has also confirmed to the Company that the ultimate beneficial owners of each of the Sub-underwriters, as at the Latest Practicable Date, are Independent Third Parties. Apart from the aforesaid sub-underwriting commitment, the said Sub-underwriters did not hold any Shares as at the Latest Practicable Date.

Note 3: Certain percentage figures included in the above tables have been subject to rounding adjustments. Accordingly, figures shown as totals may not be an arithmetic aggregation of the figures preceding them.

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

The Group is principally engaged in the manufacturing and selling of sewing threads.

The gross proceeds from the Rights Issue are approximately HK\$17.2 million, and the net proceeds from the Rights Issue (after deducting the estimated expenses) are estimated to be approximately HK\$15.2 million. The estimated net expenses of approximately HK\$2 million represents the professional fees, underwriting commission and other related expenses necessary for the implementation of the Rights Issue. The Board considers that the level of professional fees for the Rights Issue is at normal market rate and that the transaction cost of the Rights Issue is justifiable in light of the benefits of the Rights Issue as a whole. The estimated net subscription price per Rights Share after deducting the related expenses of the Rights Issue is expected to be approximately HK\$0.038.

The Board considers there is an imminent need for the Company to conduct the Rights Issue to ensure a sufficient and healthy cash reserve for general working capital and business development for the foreseeable future in view of the recent market conditions. The continuing Sino-US trade conflict, the gradual economic slowdown in the PRC and the recent coronavirus (COVID-19) pandemic had also posed unascertained impact on the Group’s business. Against such backdrop, the Company intends to apply the net proceeds from the Rights Issue for the following matters:

- (i) as to approximately HK\$8 million for partial payments of the Group’s general and administrative expenses for the next twelve months, including approximately HK\$1.2 million for office rental, approximately HK\$6.1 million for salaries and allowances and the remainder of approximately HK\$0.7 million for other operating expenses;

LETTER FROM THE BOARD

- (ii) as to approximately HK\$3 million for professional fees, including but not limited to, legal retainer service fees and audit fees for the next twelve months; and
- (iii) as to approximately HK\$4.2 million for acquisition of raw materials.

The Directors also consider that the funds raised from the Rights Issue can strengthen the capital base of the Company to withstand the current depressive market sentiment. The Board considers that the Rights Issue is necessary for the Group to maintain an adequate level of liquidity to satisfy the Group's funding requirements in a timely manner and to increase the financial flexibility.

In conducting the Rights Issue, the Company has provided all its Qualifying Shareholders an equal opportunity to participate and increase their shareholding at a discounted price. Having taken into consideration the aforesaid, the recent market conditions and the imminent funding needs of the Group as disclosed above, the Board considers that the terms and conditions of the Rights Issue are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

CHANGE IN BOARD LOT SIZE

The Board proposes that the board lot size of the Shares for trading on the Stock Exchange will be changed from 10,000 Shares to 50,000 Shares with effect from 9:00 a.m. on Monday, 15 June 2020. The change in board lot size will not result in any change in the relative rights of the Shareholders.

Based on the theoretical ex-rights price of approximately HK\$0.047 per Share (calculated based on the closing price of HK\$0.049 per Share as quoted on the Stock Exchange on the Last Trading Day), the market value of each existing board lot is HK\$470 and the estimated market value of each proposed new board lot is HK\$2,350.

In order to facilitate the trading of odd lots (if any) of the Shares arising from the change in board lot size of the Shares, the Company has appointed Upbest Securities Company Limited as an agent to provide odd lot matching services, on a best effort basis, to the Shareholders who wish to top up or sell their holdings of odd lots of the Shares to a full new board lot during the period from 9:00 a.m. on Monday, 15 June 2020 to 4:00 p.m. on Wednesday, 8 July 2020 (both dates inclusive). Shareholders should note that matching of the sale and purchase of odd lots of the Shares is on a best effort basis and successful matching of the sale and purchase of such odd lots is not guaranteed. Shareholders who wish to take advantage of this service should contact Mr. Tong Wai Tong of Upbest Securities Company Limited at 2/F., Wah Kit Commercial Centre, 302 Des Voeux Road Central, Hong Kong or at telephone number (852) 2545 3298 during office hours (i.e. 9:00 a.m. to 6:00 p.m.) of such period. Shareholders who are in doubt about this service are recommended to consult their professional advisors.

All existing share certificates in board lot of 10,000 shares will remain good evidence of the legal title to the Shares and continue to be valid for delivery, transfer, trading and settlement purposes. No new share certificates for existing Shareholders will be issued as a

LETTER FROM THE BOARD

result of the change in the board lot size, and therefore no arrangement for free exchange of existing share certificates in board lot size 10,000 shares to new share certificate in board lot size of 50,000 shares is necessary.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any fund raising activities within the 12 month period prior to the Latest Practicable Date.

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

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

The Shares have been dealt with on an ex-rights basis from Friday, 17 April 2020. Dealings in the Rights Shares in nil-paid form are expected to take place from Friday, 22 May 2020 to Friday, 29 May 2020 (both days inclusive). Any Shareholder or other person dealing in Shares or in the nil-paid Rights Shares up to the date on which all conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases, which is expected to be on Thursday, 4 June 2020), will accordingly bear the risk that the Rights Issue cannot become unconditional and may not proceed. 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).

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

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this Prospectus. In case of any inconsistency between the English and Chinese versions of this Prospectus, the English version will prevail.

Yours faithfully,
By order of the Board
Shen You Holdings Limited
Wong Kwok Wai, Albert

Chairman, chief executive officer and executive Director

1. FINANCIAL SUMMARY OF THE GROUP

Details of the audited consolidated financial statements of the Group for the three years ended 31 December 2017, 2018 and 2019, including the notes thereto, are disclosed in the annual reports of the Company for the three years ended 31 December 2017, 2018 and 2019, which have been published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (<http://www.shenyouholdings.com>). Set out below are links to the relevant annual reports of the Company:

- (i) The annual report of the Company for the year ended 31 December 2019 published on 1 April 2020 (pages 70 to 182):

<https://www1.hkexnews.hk/listedco/listconews/gem/2020/0401/2020040103485.pdf>

- (ii) The annual report of the Company for the year ended 31 December 2018 published on 29 March 2019 (pages 70 to 182):

<https://www1.hkexnews.hk/listedco/listconews/gem/2019/0329/gln20190329023.pdf>

- (iii) The annual report of the Company for the year ended 31 December 2017 published on 29 March 2018 (pages 40 to 93):

<https://www1.hkexnews.hk/listedco/listconews/gem/2018/0329/gln20180329107.pdf>

2. INDEBTEDNESS STATEMENT

As at the close of business on 31 March 2020, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Prospectus, the indebtedness of the Group was as follows:

Lease liabilities

As at the close of business on 31 March 2020, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Prospectus, the Group, as a lessee, had outstanding unpaid contractual lease liabilities of approximately HK\$5.344 million in relation to the remaining lease terms of a right-of-use asset, which is unsecured and unguaranteed.

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities and normal trade payables, as at the close of the business on 31 March 2020, being the latest practicable date for the purpose of this statement of indebtedness prior to printing of this Prospectus, the Group did not have any debt securities issued and outstanding, and authorised or otherwise created but unissued, or term loans or other borrowings or indebtedness in the nature of borrowing of the Group including bank overdrafts or liabilities under acceptances or acceptance credits or hire purchase commitments, or outstanding mortgages and charges, or contingent liabilities or guarantees.

3. WORKING CAPITAL

The Directors, after due and careful enquiry and taking into account the present internal financial resources available to the Group, the estimated net proceeds from the Rights Issue and the Group's internally generated funds, are of the opinion that the Group has sufficient working capital to satisfy its present requirements, that is for at least the next twelve months from the date of this Prospectus in the absence of unforeseen circumstances.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECT

For the year ended 31 December 2019, the Group recorded a revenue of approximately HK\$58.7 million, representing a decrease of approximately 8.9% as compared to revenue of 31 December 2018, whereas the Group recorded a net loss of approximately HK\$19.2 million, representing an increase of 77.1% from the net loss for the year ended 31 December 2018 of approximately HK\$10.9 million, for the year ended 31 December 2019. The increase in net loss was mainly due to the (i) decrease in gross profit of approximately HK\$1.9 million which in turn was mainly attributable to the decrease in sales in the PRC market; (ii) increase in impairment losses on financial assets of approximately HK\$2.6 million; (iii) increase in impairment losses of fixed assets of approximately HK\$3 million; and (iv) the increase in income tax of approximately HK\$4.1 million during the year ended 31 December 2019 as compared to that for the year ended 31 December 2018.

Owing to the ongoing Sino-US trade war and the gradual slowdown of the PRC economy, coupled with the recent outbreak of coronavirus epidemic, the Group considers that both the local and global economy will continue to face multiple challenges and downside risk and the Group believes the overall business environment will remain unstable for a period of time. The Group will continue to be prudent in implementing its future plans and use of proceeds in line with its business strategies, as set out in the prospectus of the Company dated 30 November 2017 relating to the listing of the Shares of the Company on GEM of the Stock Exchange by way of share offer. The Directors believe that a strict adherence to the implementation plan will increase the production capacity of the Group.

The Group will continue to implement its stringent quality control mechanisms in the course of production for its products so as to maintain their high quality. The Directors believe that there are considerable business opportunities in the sewing threads industry in the long term and the Group will continue to look for business opportunities from time to time, and implement the expansion plans in a prudent and conservative manner in light of the market conditions at the material time.

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

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company (the “Unaudited Pro Forma Financial Information”) has been prepared by the directors of the Company (the “Directors”) in accordance with paragraph 31 of Chapter 7 of the Rules Governing the Listing of Securities on GEM on The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) is set out below to illustrate the effect of the proposed rights issue by issuing 400,000,000 rights shares at a price of HK\$0.043 per rights share on the basis of one rights share for every two existing shares on the record date (collectively referred to as the “Proposed Rights Issue”) on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company on 31 December 2019 as if the Proposed Rights Issue had taken place on 31 December 2019.

The Unaudited Pro Forma Financial Information of the Group has been prepared for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the unaudited consolidated net tangible assets of the Group attributable to owners of the Company immediately had the Proposed Rights Issue been completed as at 31 December 2019 or at any future date.

The Unaudited Pro Forma Financial Information of the Group is prepared based on the financial information as extracted from the published audited consolidated statement of financial position of the Group as at 31 December 2019 as set out in the annual report of the Company for the year ended 31 December 2019, after giving effect to the pro forma adjustments described in the accompanying notes.

The Unaudited Pro Forma Financial Information should be read in conjunction with the historical financial information of the Group as set out in the (i) audited consolidated financial statements of the Group for the year ended 31 December 2019 dated 31 March 2020 and (ii) other financial information included elsewhere in this prospectus.

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

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2019 HK\$'000 (Note 1)	Add: Estimated net proceeds from the Proposed Rights Issue HK\$'000 (Note 2)	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company after the completion of the Proposed Rights Issue HK\$'000	Audited consolidated net tangible assets per share attributable to owners of the Company as at 31 December 2019 before the Proposed Rights Issue HK\$ (Note 3)	Unaudited pro forma adjusted consolidated net tangible assets per share attributable to owners of the Company as at 31 December 2019 immediately after the completion of the Proposed Rights Issue HK\$ (Note 4)
Rights Issue of 400,000,000 rights shares	42,472	15,200	57,672	0.053	0.048

Notes:

1. The audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2019 is extracted from the published audited consolidated statement of financial position as at 31 December 2019 as set out in the annual report of the Company for the year ended 31 December 2019 dated 31 March 2020, on which an auditor's report has been published with a qualified opinion being issued.
2. The estimated net proceeds from the Proposed Rights Issue of HK\$15,200,000 are based on the issuance of 400,000,000 rights shares at a price of HK\$0.043 per rights share, after the deduction of the estimated expenses attributable to the Proposed Rights Issue of approximately HK\$2,000,000.
3. The calculation of the audited consolidated net tangible assets per share attributable to owners of the Company as at 31 December 2019 before the Proposed Rights Issue is determined based on audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2019 of approximately HK\$42,472,000, divided by the number of shares in issue on 31 December 2019, i.e. 800,000,000 shares.
4. The calculation of the unaudited pro forma adjusted consolidated net tangible assets per share attributable to owners of the Company as at 31 December 2019 immediately after the completion of the Proposed Rights Issue is determined based on unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company after the completion of the Proposed Rights Issue of approximately HK\$57,672,000 divided by the number of shares in issue upon the completion of the Proposed Rights Issue, i.e. 1,200,000,000 shares.

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

20 May 2020

The Board of Directors
Shen You Holdings Limited
Unit 1006, 10/F
Harbour Crystal Centre
100 Granville Road
Tsim Sha Tsui East
Kowloon
Hong Kong

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Shen You Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma adjusted consolidated net tangible assets of the Group as at 31 December 2019 and related notes (the “Unaudited Pro Forma Financial Information”) as set out on pages II-1 to II-2 of the prospectus issued by the Company dated 20 May 2020 (the “Prospectus”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2 of the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of proposed rights issue by issuing 400,000,000 rights shares at a price of HK\$0.043 per rights share on the basis of one rights share for every two existing shares on the record date (the “Proposed Rights Issue”) on the Group’s net tangible assets as at 31 December 2019 as if the Proposed Rights Issue had taken place on 31 December 2019. As part of this process, information about the Group’s net tangible assets as at 31 December 2019 has been extracted by the Directors from the Company’s audited consolidated financial statements for the year ended 31 December 2019 dated 31 March 2020, on which an audit report of the Company for the year ended 31 December 2019 has been published.

Directors’ Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 31 of Chapter 7 of the Rules Governing the Listing of Securities on GEM on The Stock Exchange of Hong Kong Limited (the “GEM Listing

Rules”) and with reference to Accounting Guideline 7 “*Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars*” (“AG 7”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

Our Independence and Quality Control

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

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

Reporting Accountant’s Responsibilities

Our responsibility is to express an opinion, as required by paragraph 31(7) of Chapter 7 of the GEM 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 (“HKSAE”) 3420 “*Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*” issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 31 of Chapter 7 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

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

The purpose of Unaudited Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the Proposed Rights Issue on the Group’s consolidated net tangible assets attributable to owners of the Company as if the Proposed Rights Issue 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 December 2019 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 Proposed Rights Issue, 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 accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the Proposed Rights Issue in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

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

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

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 31(1) of Chapter 7 of the GEM Listing Rules.

Emphasis of Matters

We draw attention to the section headed "Unaudited Pro Forma Statement of Adjusted Consolidated Net Tangible Assets of the Group" in the Unaudited Pro Forma Financial Information, which describes that the pro forma adjustments made in arriving at the Unaudited Pro Forma Financial Information were based on the financial information of the Group, on which the auditor's report on the audited consolidated financial statements of the Group for the year ended 31 December 2019 dated 31 March 2020 contained a qualified opinion. Our opinion is not modified in respect of this matter.

Asian Alliance (HK) CPA Limited
Certified Public Accountants (Practising)
Lam Chik Tong
Practising Certificate Number: P05612

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

1. RESPONSIBILITY STATEMENT

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

2. SHARE CAPITAL

The authorised and issued share capital in the Company as at the Latest Practicable Date and immediately following completion of the Rights Shares (assuming the Rights Issue becoming unconditional) was and will be as follows:

(i) As at the Latest Practicable Date:

Authorised:	<i>HK\$</i>
<u>5,000,000,000</u> Shares	<u>50,000,000</u>
Issued and fully paid or credited as fully paid:	
<u>800,000,000</u> Shares	<u>8,000,000</u>

(ii) Immediately following completion of the Rights Issue:

Authorised:	<i>HK\$</i>
<u>5,000,000,000</u> Shares	<u>50,000,000</u>
Issued and fully paid or credited as fully paid:	
800,000,000 Shares	8,000,000
<u>400,000,000</u> Rights Shares to be issued	<u>4,000,000</u>
Shares in total upon completion of	
<u>1,200,000,000</u> the Rights Issue	<u>12,000,000</u>

All the existing Shares in issue are fully-paid and rank *pari passu* in all respects with each other, including, in particular, as to dividends, voting rights and return of capital. The Rights Shares, when allotted and fully paid, will rank *pari passu* in all respects with each other and the Shares then in issue as at the date of allotment and issue of the Right Shares, including, in particular, as to dividends, voting rights and return of capital. Holders of the

Rights Shares in their fully paid form will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the Rights Shares.

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

As at the Latest Practicable Date, the Company has no outstanding warrants, options or securities convertible into 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.

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

3. DISCLOSURE OF INTERESTS

(a) Interest of Directors

As at the Latest Practicable Date, the interests or short positions of Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they were taken or deemed to have taken under such provisions of the SFO) or (ii) which were recorded in the register required to be kept under section 352 of the SFO, or (iii) which were otherwise notified to the Company and the Stock Exchange pursuant to the Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors, were as follows:

Long position in the Shares and underlying Shares

Name of Director	Nature of Interest	Number of Shares held	Approximate percentage of the total issued share capital of the Company
Mr. Wong	Interest of controlled corporation <i>(Note 1)</i>	600,000,000	75%

Notes:

1. Mr. Wong beneficially owns the entire issued share capital of Three Gates Investment Limited, a company incorporated in the British Virgin Islands on 15 August 2016, which in turn owns 600,000,000 Shares. By virtue of the SFO, Mr. Wong is deemed to be interested in 600,000,000 Shares held by Three Gates Investment Limited.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interest or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) which were required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders' interests in Shares and underlying Shares

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the following parties (not being Directors or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying Shares or debentures of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

Long position in the Shares and underlying Shares

Name	Nature of Interest	Number of Shares held	Approximate percentage of interest
Three Gates Investment Limited	Beneficial owner	600,000,000	75%
Upbest Group Limited	Interest of controlled corporation ^{(Note 1)(Note 2)}	800,000,000	66.66%
Upbest Financial Holdings Limited	Interest of controlled corporation ^{(Note 1) (Note 2)}	800,000,000	66.66%
Upbest Securities Company Limited	Underwriter ^(Note 1)	400,000,000	33.33%
Upbest Strategic Company Limited	Interest of controlled corporation ^(Note 2)	400,000,000	50%

Name	Nature of Interest	Number of Shares held	Approximate percentage of interest
Good Foundation Company Limited	Interest of controlled corporation <i>(Note 2)</i>	400,000,000	50%
Upbest Credit and Mortgage Limited	Interest of controlled corporation <i>(Note 2)</i>	400,000,000	50%
Gold-Face Finance Limited	Security interest in shares <i>(Note 2)</i>	400,000,000	50%

Notes:

1. Upbest Securities Company Limited is wholly-owned by Upbest Financial Holdings Limited which is in turn wholly owned by Upbest Group Limited. Upbest Securities Company Limited is interested to 400,000,000 Shares which are the Rights Shares in which Upbest Securities Company Limited is interested under the Underwriting Agreement, assuming no Qualifying Shareholders take up their Rights Shares. Each of Upbest Group Limited and Upbest Financial Holdings Limited is deemed to be interested in the 400,000,000 Shares held by Upbest Securities Company Limited for the purpose of the SFO.
2. Gold-Face Finance Limited is wholly-owned by Upbest Credit and Mortgage Limited, which is in turn wholly-owned as to 50% by each of Upbest Strategic Company Limited and Good Foundation Company Limited, which in turn are both wholly-owned by Upbest Financial Holdings Limited, which is in turn wholly owned by Upbest Group Limited. A share charge over 400,000,000 Shares held by Three Gates Investment Limited was executed in favour of Gold-Face Finance Limited as security for a loan granted to Mr. Wong. Each of Upbest Group Limited, Upbest Financial Holdings Limited, Upbest Strategic Company Limited, Good Foundation Company Limited and Upbest Credit and Mortgage Limited is deemed to be interested in the 400,000,000 Shares charged in favour of Gold-Face Finance Limited for the purpose of the SFO.

Save as disclosed above and as at the Latest Practicable Date, the Directors are not aware of any interests or short positions owned by any persons (other than the Directors or chief executives of the Company) in the Shares or underlying Shares of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract with the Company which was not determinable by the Company within one year without payment of compensation, other than statutory compensation.

5. EXPERT AND CONSENT

The following sets out the qualifications of the expert who has been named in this Prospectus or has given opinions, letters or advices included in this Prospectus:

Name	Qualifications
Asian Alliance (HK) CPA Limited	Certified Public Accountants

As at the Latest Practicable Date, the above expert has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of its letters or its name in the form and context in which it appears.

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

As at the Latest Practicable Date, the above expert did not have any interest, either directly or indirectly, in any assets which have been since 31 December 2019 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by, or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group.

6. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was involved in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

7. MATERIAL CONTRACTS

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

- (a) the Underwriting Agreement (including the Extension Letter);
- (b) the Supplemental Underwriting Agreement;
- (c) the loan agreement dated 31 March 2020 entered into between Mr. Wong and 廣州新華線業有限公司 (in English, for identification only, Guangzhou Xinhua Thread Company Limited) (“**Guangzhou Xinhua**”) in relation to the intra-group current account advances previously made by Guangzhou Xinhua to Mr. Wong; and

- (d) the shareholder's loan agreement dated 31 March 2020 entered into between Mr. Wong and Tseyu International Trading Company Limited (“**Tseyu International**”) in relation to the shareholder's loans previously advanced by Mr. Wong to Tseyu International.

8. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors, controlling shareholders or their respective associates had any interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group, or have or may have any other conflicts of interest with the Group.

9. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

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

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2019 (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.

10. EXPENSES

The expenses in connection with the Rights Issue, including underwriting commission, financial advisory fees, printing, registration, translation, legal and accountancy charges are estimated to be approximately HK\$2 million, which are payable by the Company.

11. CORPORATE INFORMATION AND PARTIES TO THE RIGHTS ISSUE

Registered office	Clifton House 75 Fort Street, PO Box 1350 Grand Cayman, KY1-1108 Cayman Islands
Headquarter and principal place of business in Hong Kong	Unit 1006, 10/F Harbour Crystal Centre 100 Granville Road Tsim Sha Tsui East Kowloon, Hong Kong
Company secretary	Mr. Chan Yiu Tung, Enoch
Compliance officer	Mr. Chan Yiu Tung, Enoch

Authorised representatives	Mr. Wong Kwok Wai, Albert Unit 1006, 10/F Harbour Crystal Centre 100 Granville Road Tsim Sha Tsui East Kowloon, Hong Kong
	Mr. Chan Yiu Tung, Enoch Unit 1006, 10/F Harbour Crystal Centre 100 Granville Road Tsim Sha Tsui East Kowloon, Hong Kong
Principal share registrar and transfer office in the Cayman Islands	Estera Trust (Cayman) Limited Clifton House 75 Fort Street, PO Box 1350 Grand Cayman, KY1-1108 Cayman Islands
Branch share registrar and transfer office in Hong Kong	Tricor Investor Services Limited Level 54 Hopewell Centre 183 Queen's Road East Hong Kong
Principal banker	The Hongkong and Shanghai Banking Corporation Limited 83 Des Voeux Road Central Hong Kong
Auditors	Ernst & Young, Certified Public Accountants 22/F, CITIC Tower 1 Tim Mei Avenue Central, Hong Kong
Reporting accountants	Asian Alliance (HK) CPA Limited 8/F, Catic Plaza 8 Causeway Road Causeway Bay, Hong Kong
Legal advisers to the Company in relation to the Rights Issue	Michael Li & Co. 19th Floor, Prosperity Tower 39 Queen's Road Central Central Hong Kong

Financial Adviser to the Company	Yu Ming Investment Management Limited Room 1801, 18/F Allied Kajima Building 138 Gloucester Road Wanchai, Hong Kong
Underwriter	Upbest Securities Company Limited 2/F, Wah Kit Commercial Centre 302 Des Voeux Road Central Hong Kong

12. PARTICULARS OF DIRECTORS AND SENIOR MANAGEMENT

Executive Directors

Mr. Wong Kwok Wai, Albert (黃國偉) (“Mr. Wong”), aged 61, was appointed as a Director and the chairman of the Board on 18 August 2016 and re-designated as an executive Director on 23 June 2017. He is also the chief executive officer, the chairman of the nomination committee of the Company, one of the Group’s controlling shareholders, as well as a director of each of the Group’s subsidiaries. Mr. Wong is primarily responsible for the management and overall strategic planning and development of the Group. Mr. Wong has over 30 years of experience in accounting and assurances.

Mr. Wong has been an honorary life member of the Hong Kong Institute of Accredited Accounting Technicians Limited since June 1999 and was its president during the period from May 1995 to June 1998. Mr. Wong obtained his higher diploma in accountancy from the Hong Kong Polytechnic (now known as the Hong Kong Polytechnic University) in November 1982. Mr. Wong was admitted as a fellow of the Hong Kong Institute of Certified Public Accountants and as an associate of the Institute of Chartered Accountants in England and Wales in November 1992 and February 2008, respectively. Currently, Mr. Wong is an independent non-executive director of JBB Builders International Limited (stock code: 1903), a company listed on the Main Board of the Stock Exchange. From May 2019 to January 2020, Mr. Wong served as an independent non-executive director of Yi Hua Holdings Limited (stock code: 2213), a company listed on the Main Board of the Stock Exchange.

Mr. Chan Yiu Tung, Enoch (陳耀東) (“Mr. Chan”), aged 53, was appointed as the company secretary, compliance officer and an executive Director of the Company on 18 August 2016, 23 June 2017 and 19 February 2020, respectively. Mr. Chan obtained his bachelor’s degree of art in accountancy from City University of Hong Kong (formerly known as City Polytechnic of Hong Kong) in November 1992 and was admitted as a member of the Hong Kong Institute of Certified Public Accountants in February 1997 and a fellow of the Association of Chartered Certified Accountants in April 2001, respectively. From June 2006 to December 2011, Mr. Chan served as an executive director of the tax department of Ernst & Young, an international accounting firm, where he was primarily responsible for providing tax and business advisory services to both international and domestic companies operating in the PRC. Further, Mr. Chan served as a partner in the tax department of the Guangzhou Branch of Grant Thornton, an international accounting firm, from October 2012 to October 2015 where

he was primarily responsible for developing the tax practice in Guangzhou. Mr. Chan has also been serving as an independent director of Natural Health Trends Corp. (stock code: NHTC), an international direct-selling and e-commerce company listed on the NASDAQ Stock Market LLC, since December 2015, and is responsible for supervising and providing independent advice to the board of the company.

Non-executive Director

Mr. Gao Biao (高彪) (“Mr. Gao”), aged 30, was appointed as a non-executive Director on 26 June 2018. He obtained his bachelor’s degree in transportation management from the Xiamen University in China and a bachelor’s degree in economics from The University of Sheffield in England both in 2012. In November 2014, Mr. Gao obtained his first master’s degree in east Asian business from The University of Sheffield in England. Mr. Gao later obtained his second master’s degree in December 2015 in international shipping and finance from the University of Reading in England. Mr. Gao passed two fund practitioner qualification examinations* (基金從業人員資格考試) of the Asset Management Association of China* (中國證券投資基金業協會), namely, (i) the examination on fundamental knowledge in private equity funds* (私募股權投資基金基礎知識考試); and (ii) examination on fundamental knowledge in investment funds* (證券投資基金基礎知識考試) in September 2017 and has obtained the Chartered Financial Analyst Level 1 qualification. Further, Mr. Gao also obtained a certificate in marine claims in July 2015 from Lloyd’s Maritime Academy. Mr. Gao has been a project manager of Shanghai Ruili Investment Management Center (Limited Partnership)* (上海銳犁投資有限管理中心(有限合夥)) since 2017, responsible for risk analysis, fund structure analysis and fund project management.

Independent Non-executive Directors

Dr. Yeung Ngai Man, John (楊毅敏) (“Dr. Yeung”), aged 54, was appointed as an independent non-executive Director on 24 November 2017. Dr. Yeung is also the chairman of the remuneration committee and a member of the audit committee of the Group. Dr. Yeung graduated from the University of Edinburgh in July 1988 with a bachelor’s degree in medicine and a bachelor’s degree in surgery. Dr. Yeung also obtained a diploma in geriatric medicine from the Royal College of Physicians of London, a diploma in Child Health from the Royal Colleges of Physicians & Surgeons of Ireland and a diploma in genitourinary medicine from the Society of Apothecaries of London in July 1993, September 1993 and December 1999, respectively. Dr. Yeung was elected to the membership of the Royal College of Physicians of the United Kingdom as well as the Hong Kong College of Physicians in July 1992 and January 1996, respectively. Dr. Yeung commenced his own medical practice in July 2005. Prior to this, he served as a medical officer at Hong Kong Sanatorium & Hospital during the period from November 1993 to June 2005. To enhance his skills in business management, he obtained a diploma in marketing from the Chartered Institute of Marketing in June 1990 and received a master’s degree in business and administration from Warwick Business School in September 1990.

Mr. Sung Alfred Lee Ming (宋理明) (“Mr. Sung”), aged 62, was appointed as an independent non-executive director on 24 November 2017. Mr. Sung is also the chairman of the audit committee and a member of each of the remuneration committee and the nomination

committee of the Group. Mr. Sung has over 30 years of experience in accounting and assurances. Mr. Sung graduated from La Trobe University in Australia in March 1984 with a bachelor's degree in economics. Mr. Sung was admitted as a fellow of the Taxation Institute of Australia and a member and fellow of the Hong Kong Institute of Certified Public Accountants in November 1987, December 1987 and February 1995, respectively. He was also admitted as an associate of CPA Australia and Chartered Accountants Australia and New Zealand in March 1986 and April 1989, respectively. Mr. Sung has been the sole proprietor of Alfred Sung & Co. since 1999 and he is primarily responsible for overseeing audit and taxation works. Currently, Mr. Sung serves as an executive director of Modern Living Investments Holdings Limited (stock code: 8426), a company listed on GEM. From April 2012 to October 2014, Mr. Sung served as an independent non-executive director of TC Orient Lighting Holdings Limited (stock code: 515), a company listed on the Main Board of the Stock Exchange.

Mr. Zhang Guofu (章國富) (“Mr. Zhang”), aged 62, was appointed as an independent non-executive Director on 14 September 2018. Mr. Zhang is also a member of the audit committee, remuneration committee and the nomination committee of the Group. He graduated from the Shanghai University of Finance & Economics in January 1983 with a bachelor's degree in economics and obtained a master's degree and doctorate degree in economics from the Shanghai University of Finance & Economics in January 1988 and January 1998, respectively. From January 1988 to September 1998, Mr. Zhang served in various teaching positions at the Shanghai University of Finance & Economics. From October 1998 to October 2000, Mr. Zhang served as the deputy section chief of the finance department of Shanghai Huahong (Group) Co., Ltd* (上海華虹(集團)有限公司) and was a general manager of Shanghai Xinhong Investment Management Co., Ltd* (上海信虹投資管理有限公司) from October 2000 to June 2004. Mr. Zhang was an inspector general of Huaan Funds Management Co., Ltd.* (華安基金管理有限公司) from July 2004 to August 2012 and a deputy general manager of the same from September 2012.

Audit Committee

The audit committee of the Board (the “**Audit Committee**”) consists of three independent non-executive Directors, namely Mr. Sung Alfred Lee Ming (being the chairman), Dr. Yeung Ngai Man, John and Mr. Zhang Guofu. The Audit Committee is mainly responsible for reviewing of the Company's financial information, monitoring the Company's financial reporting system, risk management and internal control systems and relationship with the Company's external auditors.

Senior management

Mr. Lee Wing Hong (李永康) (“Mr. Lee”), aged 44, is the chief financial officer of the Company and is primarily responsible for the financial management and control of the Group. Mr. Lee has over 15 years of experience in accounting and auditing. Mr. Lee obtained an honours diploma in accounting from Hong Kong Shue Yan College (now known as the Hong Kong Shue Yan University) in March 2000. Mr. Lee was admitted as a member of the Hong Kong Institute of Certified Public Accountants in March 2006. He was also admitted as an associate member of the Association of International Accountants in November 2005.

Mr. She Siu Ming (佘少明) (“**Mr. She**”), aged 61, is the director and deputy general manager of Guangzhou Xinhua Thread Co., Ltd., an indirect wholly-owned subsidiary of the Company (“**Guangzhou Xinhua**”). Mr. She is primarily responsible for the management of business operations of Guangzhou Xinhua as well as the internal control of the Group. Mr. She joined the Group in March 2002. Mr. She graduated from the Chinese University of Hong Kong in December 1983 with a bachelor’s degree in business administration. Mr. She was admitted as a fellow of the Hong Kong Institute of Certified Public Accountants (formerly known as Hong Kong Society of Accountants) in February 1997.

Ms. Liu Jinghui (劉敬慧) (“**Ms. Liu**”), aged 46, is the financial controller of Guangzhou Xinhua. Ms. Liu is primarily responsible for the financial control of Guangzhou Xinhua. Ms. Liu joined the Group in August 1994. Ms. Liu received her associate degree in polymer chemical engineering from the South China University of Technology (華南理工大學) in the PRC in July 1994. She also obtained qualifications as a registered tax adviser from the Department of Personnel of the Guangdong Province (廣東省人事廳) in October 2004.

Mr. Lui Hak Kong (呂克剛) (“**Ms. Lui**”), aged 55, is the production manager of Guangzhou Xinhua. Mr. Lui is primarily responsible for the production management as well as quality control of Guangzhou Xinhua. Mr. Lui joined the Group in June 1996. Prior to joining the Group, Mr. Lui worked for Dik Sun Dyeing Factory Ltd. as a person-in-charge for its laboratory and quality control from June 1990 to April 1996. From June 1983 to March 1990, Mr. Lui worked as a merchandiser and site leader of Fang Brothers Knitting Limited, which was a knitting company.

Mr. Wong Pak Yip (黃百業) (“**Mr. PY Wong**”), aged 53, is the sales manager of Guangzhou Xinhua. Mr. PY Wong is primarily responsible for the sales and marketing of the Group. Mr. Wong joined the Group in July 1990. Mr. PY Wong completed a post-secondary five course at Sha Tin Technical Institute (now known as Hong Kong Institute of Vocational Education (Sha Tin)), majoring in retail supervision, in July 1997. Prior to joining the Group, Mr. PY Wong worked for Unimix Limited, a garment manufacturing and trading company, as a sales assistant from August 1988 to May 1990. From August 1986 to July 1988, Mr. PY Wong worked for Sun Hop Kee Garment Factory, a garment production company, as a merchandiser.

Business address of the Directors

The business address of the Directors is the same as the Company’s head office and principal place of business in Hong Kong at Unit 1006, 10/F, Harbour Crystal Centre, 100 Granville Road, Tsim Sha Tsui East, Kowloon, Hong Kong.

13. BINDING EFFECT

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

14. 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 in the paragraph headed “5. Expert and Consent” in this Appendix, have been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection during normal business hours at the head office and principal place of business in Hong Kong of the Company at Unit 1006, 10/F, Harbour Crystal Centre, 100 Granville Road, Tsim Sha Tsui East, Kowloon, Hong Kong during the period of 14 days from the date of this Prospectus:

- (i) the memorandum and articles of association of the Company;
- (ii) the annual reports of the Company for the three financial years ended 31 December 2017, 2018 and 2019;
- (iii) the letter issued by the reporting accountants regarding the unaudited pro forma financial information of the Group as set out in Appendix II to this Prospectus;
- (iv) the written consent referred to in the paragraph headed “5. EXPERT AND CONSENT” in this Appendix;
- (v) the material contracts referred to in the paragraph headed “7. MATERIAL CONTRACTS” in this Appendix; and
- (vi) the Prospectus Documents.

16. MISCELLANEOUS

This Prospectus and the accompanying PAL and EAF have been prepared in both English and Chinese. In the case of any discrepancies, the English version shall prevail over their respective Chinese version.

As at the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.