

**THIS PROSPECTUS 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 China Demeter Financial Investments Limited, you should at once hand this prospectus with the enclosed form of proxy to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

A copy of each of the Prospectus Documents, together with the written consent referred to in the paragraph headed "Expert and Consent" in Appendix III to this prospectus, have been registered with the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). Neither the Securities and Futures Commission nor the Registrar of Companies in Hong Kong takes any responsibility as to the contents of any of the Prospectus Documents.

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

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

This prospectus appears for information purposes only and does not constitute an invitation or offer to the Shareholders or any other persons to acquire, purchase, or subscribe for securities of the Company.

Distribution of this prospectus into jurisdictions other than Hong Kong may be restricted by law.

Persons who come into possession of this prospectus should acquaint themselves with and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. This prospectus is not for release, publication or distribution, directly or indirectly, in or into the United States of America. This prospectus is for information purposes only and shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale or purchase of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

The securities referred to herein have not been and will not be registered under the US Securities Act or the laws of any state or jurisdiction of the United States of America, and may not be offered or sold within the United States of America, absent registration or an exemption from the registration requirements of the US Securities Act and applicable state laws. There is no intention to register any portion of the rights issue or any securities described herein in the United States or to conduct a public offering of securities in the United States of America.



**國農金融投資有限公司**  
**China Demeter Financial Investments Limited**

*(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)*  
**(Stock Code: 8120)**

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

**Underwriter to the Rights Issue**  
**Trinity Worldwide Capital Holding Limited**

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

It should be noted that the Underwriting Agreement contains provisions granting the Underwriter the right in its absolute discretion to terminate the obligations of the Underwriter thereunder on the occurrence of certain events. Such events are set out in the section headed "Termination of the Underwriting Agreement" of this prospectus. If the Underwriting Agreement is terminated by the Underwriter or does not become unconditional, the Rights Issue will not proceed.

Dealings in the Rights Shares in nil-paid form are expected to take place from Thursday, 8 July 2021 to Thursday, 15 July 2021 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or the Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares. The latest time for acceptance of and payment for the Rights Shares is at 4:00 p.m. on Tuesday, 20 July 2021. The procedures for application and payment for the Rights Shares are set out on pages 19 and 20 of this prospectus.

6 July 2021

## 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.

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## 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 29 March 2021 in relation to, among other things, the Rights Issue, the Underwriting Agreement and the Whitewash Waiver
“associate”	has the meaning ascribed thereto under the GEM Listing Rules and the Takeovers Code
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Circular”	the circular of the Company dated 28 May 2021 in relation to, among other matters, the Rights Issue, the Underwriting Agreement and the Whitewash Waiver
“Company”	China Demeter Financial Investments Limited, a company incorporated in the Cayman Islands and continued in Bermuda with limited liability the issued shares of which are listed on GEM
“Compensatory Arrangements”	placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent on a best effort basis pursuant to the Placing Agreement in accordance with Rule 10.31(1)(b) of the GEM Listing Rules
“connected person”	has the meaning ascribed to it in the GEM Listing Rules

## DEFINITIONS

“Director(s)”	the director(s) of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s)
“Existing Share Options”	the share options granted to certain eligible participants under the share option scheme of the Company adopted on 30 September 2013 conferring the holders thereof the right to subscribe for up to 15,300,000 Shares at a subscription price of HK\$0.2392 per Share (subject to adjustments) as at the Latest Practicable Date
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholder(s)”	the Shareholder(s) other than: (i) the Directors (excluding the independent non-executive Directors), the chief executive of the Company and their respective associates; (ii) the Underwriter, Mr. Ng Ting Kit, its/his associate(s) and parties acting in concert with any one of them; and (iii) any Shareholders who are involved in, or interested in, or have a material interest in the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and/or the Whitewash Waiver and the Irrevocable Undertakings
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and connected person(s) (as defined under the GEM Listing Rules) of the Company and independent of and not acting in concert with the Underwriter, Mr. Ng Ting Kit and parties acting in concert with any one of them

## DEFINITIONS

“Irrevocable Undertakings”	the irrevocable undertakings given by each of Mr. Ng Ting Kit, Mr. Ng Man Chun Paul and Mr. Ng Ting Ho in favour of the Company, the details of which are set out in the section headed “Proposed Rights Issue – Irrevocable Undertakings” in the Letter from the Board in this prospectus
“Latest Placing Date”	Monday, 26 July 2021 or such later date as the Company and the Placing Agent may agree in writing, being the latest date for the Placing Agent to place the Unsubscribed Rights Shares and/or the NQS Unsold Rights Shares
“Latest Placing Time”	4:00 p.m. on the Latest Placing Date
“Latest Practicable Date”	30 June 2021, being the last practicable date prior to the printing of this prospectus for the purpose of ascertaining information for inclusion in this prospectus
“Last Trading Day”	Monday, 29 March 2021, being the last trading day of the Shares on the Stock Exchange before the release of the Announcement
“Latest Time for Acceptance”	4:00 p.m. on Tuesday, 20 July 2021 or such later time or date as may be agreed between the Company and the Underwriter, being the latest time for acceptance of the offer of Rights Shares
“Latest Time for Termination”	4:30 p.m. on the second Business Day immediately after the Latest Time for Acceptance, or such later time as may be agreed between the Company and the Underwriter
“Licensed Subsidiary”	the subsidiary of the Company which is a licensed corporation to carry out regulated activities under the SFO
“Net Gain”	the aggregate of any premium (being the aggregate amount paid by the Placees after deducting (i) the aggregate amount of the Subscription Price for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares placed by the Placing Agent under the Compensatory Arrangements; and (ii) the aggregate amount of the expenses of the Placing Agent and any other related expenses/fees)

## DEFINITIONS

“No Action Shareholders”	Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or their renounees, such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed, and the Non-Qualifying Shareholders in respect of NQS Unsold Rights Shares
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Shares to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“NQS Unsold Rights Share(s)”	the Rights Share(s) which would otherwise has/have been provisionally allotted to the Non-Qualifying Shareholder(s) in nil-paid form that has/have not been sold by the Company
“Overseas Shareholder(s)”	Shareholder(s) with registered address(es) (as shown on the register of members of the Company on the Record Date) which is/are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) issued to the Qualifying Shareholders in connection with the Rights Issue
“Placee(s)”	any individuals, corporate, institutional investor(s) or other investor(s), who and whose ultimate beneficial owner(s) shall be the Independent Third Party(ies), procured by the Placing Agent and/or its sub-placing agent(s), who and whose ultimate beneficial owners shall be the Independent Third Party(ies), to subscribe for any of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares pursuant to the Placing Agreement
“Placing”	the offer by way of private placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent and/or its sub-placing agents(s), who and whose ultimate beneficial owners shall be the Independent Third Party(ies), to the Placee(s) during the Placing Period on the terms and subject to the conditions set out in the Placing Agreement

## DEFINITIONS

“Placing Agent”	Kingkey Securities Group Limited, a licensed corporation to carry out Type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO, being the placing agent appointed by the Company to place any Unsubscribed Rights Shares and the NQS Unsold Rights Shares under the Compensatory Arrangements in accordance with Rule 10.31(1)(b) of the GEM Listing Rules
“Placing Agreement”	the placing agreement dated 29 March 2021 (as amended by the Supplemental Placing Agreements) and entered into between the Company and the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to the Placee(s) on a best effort basis
“Placing Completion Date”	Thursday, 29 July 2021 or such other date as the Company and the Placing Agent may agree in writing, being the date of completion of the Placing
“Placing Period”	a period commencing from the second Business Day after the Latest Time for Acceptance, which is expected to be Thursday, 22 July 2021, and ending at the Latest Placing Time
“PRC”	the People’s Republic of China, which for the purpose of this prospectus excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus Posting Date”	Tuesday, 6 July 2021 or such other date as the Underwriter may agree in writing with the Company, being the date of despatch of the Prospectus Documents
“Prospectus Documents”	this prospectus, PAL and any supplementary prospectus or supplementary provisional allotment letter (if required)
“Qualifying Shareholder(s)”	Shareholder(s) who(se) name(s) appear(s) on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholder(s)
“Record Date”	Monday, 5 July 2021 or such other date as may be agreed between the Company and the Underwriter, being the date for determining entitlements of Shareholders to participate in the Rights Issue



## DEFINITIONS

“Registrar”	Tricor Tengis Limited, the branch share registrar and transfer office of the Company in Hong Kong, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong
“Rights Issue”	the proposed issue of the Rights Shares by way of rights on the basis of three (3) Rights Shares for every one (1) Share held on the Record Date at the Subscription Price pursuant to the Prospectus Documents
“Rights Share(s)”	459,088,545 Shares proposed to be allotted and issued by the Company for subscription pursuant to the Rights Issue
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company held on Monday, 21 June 2021 to consider, among others, the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.10 per Rights Share
“substantial shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“Supplemental Placing Agreements”	the supplemental agreement dated 7 May 2021 and the second supplemental agreement dated 14 May 2021 each entered into between the Company and the Placing Agent to amend certain terms of the Placing Agreement

## DEFINITIONS

“Supplemental Underwriting Agreements”	the supplemental agreement dated 7 May 2021 and the second supplemental agreement dated 14 May 2021 each entered into between the Company and the Underwriter to amend certain terms of the Underwriting Agreement
“Takeovers Code”	the Code on Takeovers and Mergers of Hong Kong
“Underwriter”	Trinity Worldwide Capital Holding Limited, a company incorporated in the British Virgin Islands with limited liability which is wholly-owned by Mr. Ng Ting Kit
“Underwriting Agreement”	the underwriting agreement entered into between the Company and the Underwriter on 29 March 2021 (as amended by the Supplemental Underwriting Agreements) in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Shares”	not less than 375,546,045 Rights Shares to 412,266,045 Rights Shares to be underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement
“Unsubscribed Rights Shares”	Rights Shares that are not subscribed by the Qualifying Shareholders
“Whitewash Waiver”	a waiver from the Executive pursuant to Note 1 of the Notes on dispensations from Rule 26 of the Takeovers Code to waive the obligation of the Underwriter to make a mandatory general offer to the Shareholders in respect of the Shares not already owned or agreed to be acquired by the Underwriter, Mr. Ng Ting Kit and parties acting in concert with any one of them as a result of the subscription of the Underwritten Shares by the Underwriter pursuant to the Underwriting Agreement
“%”	per cent

<b>EXPECTED TIMETABLE</b>
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Set out below is the expected timetable for the 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 and further announcement(s) will be made by the Company should there be any changes to the expected timetable:

<b>Event</b>	<b>2021</b>
Despatch of the Prospectus Documents .....	Tuesday, 6 July
First day of dealings in nil-paid Rights Shares .....	9:00 a.m. on Thursday, 8 July
Latest time for splitting of nil-paid Rights Shares .....	4:30 p.m. on Monday, 12 July
Last day of dealings in nil-paid Rights Shares .....	4:00 p.m. on Thursday, 15 July
<b>Latest time for lodging transfer documents of nil-paid Rights Shares in order to qualify for the Compensatory Arrangements .....</b>	<b>4:00 p.m. on Tuesday, 20 July</b>
<b>Latest Time for Acceptance of and payment for the Rights Shares .....</b>	<b>4:00 p.m. on Tuesday, 20 July</b>
Latest time for termination of the Underwriting Agreement and for the Rights Issue to become unconditional .....	4:30 p.m. on Thursday, 22 July
Announcement of the number of Unsubscribed Rights Shares subject to the Compensatory Arrangements and the NQS Unsold Rights Shares .....	Thursday, 22 July
Commencement of placing of Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent .....	Thursday, 22 July

## EXPECTED TIMETABLE

Latest time of placing of the Unsubscribed Rights

Shares and the NQS Unsold Rights

Shares by the Placing Agent . . . . . 4:00 p.m. on  
Monday, 26 July

Announcement of results of the Rights Issue

(including results of the placing of Unsubscribed Rights

Shares and the NQS Unsold Rights Shares and the amount of

the Net Gain per Unsubscribed Rights Shares under

the Compensatory Arrangements and

the NQS Unsold Rights Shares) . . . . . Wednesday, 28 July

Refund cheques, if any, to be despatched

(if the Rights Issue is terminated) on or before . . . . . Thursday, 29 July

Despatch of certificates for fully-paid Rights

Shares and refund cheques (if any) on or before . . . . . Thursday, 29 July

Designated broker starts to stand in the market

to provide matching services for odd lots of Shares . . . . . 9:00 a.m. on  
Friday, 30 July

Dealings in fully-paid Rights Shares commence . . . . . 9:00 a.m. on  
Friday, 30 July

Payment of Net Gain to relevant No Action Shareholders (if any) . . . . . Friday,  
13 August

The last day for the designated broker

to provide matching services for odd lots of Shares . . . . . Friday, 20 August

**All times and dates in this prospectus refer to Hong Kong local times and dates. Dates or deadlines specified in the expected timetable above are indicative only and may be extended or varied by the Company.**

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

The Latest Time for Acceptance and payment for the Rights Shares will be postponed if “extreme conditions” caused by super typhoons is announced by the Hong Kong Government or there is a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning:

- (1) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance and in such event, the Latest Time for Acceptance and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or

## EXPECTED TIMETABLE

- (2) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance and in such event, the Latest Time for Acceptance and payment for the Rights Shares will be extended to 4:00 p.m. on the next 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 and payment for the Rights Shares are postponed in accordance with the foregoing, the dates of the events subsequent to the Latest Time for Acceptance mentioned in this section may be affected. An announcement will be made as soon as practicable by the Company in such event.

## TERMINATION OF THE UNDERWRITING AGREEMENT

If, prior to the Latest Time for Termination:

- (1) in the reasonable opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
  - (a) the introduction of any new 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 reasonable 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 of the Underwriting Agreement), of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable 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
  - (c) any materially adverse change in the business or in the financial or trading position of the Group as a whole; or
  - (d) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or
- (2) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions which includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs in Hong Kong, the United States of America or the PRC which in the reasonable opinion of the Underwriter makes it inexpedient or inadvisable to proceed with the Rights Issue,

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.

## TERMINATION OF THE UNDERWRITING AGREEMENT

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (1) any material breach of any of the warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (2) any event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the representations, warranties and undertakings contained in the Underwriting Agreement untrue or incorrect in any material respect comes to the knowledge of the Underwriter.

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination.

**If the Underwriter terminates the Underwriting Agreement in accordance with the terms thereof, the Rights Issue will not proceed. A further announcement will be made if the Underwriting Agreement is terminated by the Underwriter.**

## LETTER FROM THE BOARD



國農金融投資有限公司  
China Demeter Financial Investments Limited

*(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)*

**(Stock Code: 8120)**

*Executive Directors:*

Mr. Ng Man Chun Paul (*Chairman*)  
Mr. Ng Ting Ho (*Chief Executive Officer*)  
Mr. Lam Chun Kei

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Independent non-executive Directors:*

Mr. Chan Hin Hang  
Mr. Yum Edward Liang Hsien  
Mr. Hung Kenneth

*Principal place of business*

*in Hong Kong:*  
Office A01, 35/F, United Centre  
No. 95 Queensway  
Admiralty, Hong Kong

6 July 2021

*To the Shareholders*

Dear Sir or Madam

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

**INTRODUCTION**

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

On 29 March 2021, the Board announced that, among other matters, the Company proposed the Rights Issue on the basis of three (3) Rights Shares for every one (1) Share held on the Record Date at the Subscription Price of HK\$0.10 per Rights Share.

At the SGM held on 21 June 2021, the resolutions in respect of the Rights Issue, the Underwriting Agreement and the Whitewash Waiver were duly passed by way of poll. The purpose of this prospectus is to provide you with further information regarding details of the Rights Issue and certain information in respect of the Group.



## LETTER FROM THE BOARD

### RIGHTS ISSUE

The Company proposes to raise, before expenses, approximately HK\$45.9 million by issuing 459,088,545 Rights Shares on the basis of three (3) Rights Shares for every one (1) Share held on the Record Date at the Subscription Price of HK\$0.10 per Rights Share. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to Non-Qualifying Shareholders.

#### Issue statistics

Basis of the Rights Issue	:	Three (3) Rights Shares for every one (1) Share held on the Record Date
Subscription Price	:	HK\$0.10 per Rights Share
Number of Shares in issue as at the Record Date	:	153,029,515 Shares
Number of Rights Shares	:	459,088,545 Shares
Aggregate nominal value of the Rights Shares	:	Approximately HK\$4.59 million
Amount to be raised	:	Approximately HK\$45.9 million before expenses

As at the Latest Practicable Date, save for the outstanding Existing Share Options carrying the right to subscribe for a total number of 15,300,000 Shares at an exercise price of HK\$0.2392 per Share and exercisable from 12 October 2020 to 11 October 2021 (both days inclusive), the Company had no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

Based on the 153,029,515 Shares in issue as at the Record Date, upon completion of the Rights Issue, 459,088,545 Rights Shares will be issued.

The aggregate number of 459,088,545 Rights Shares proposed to be allotted and issued pursuant to the Rights Issue represents: (i) 300% of the issued share capital of the Company as at the Record Date; and (ii) 75% of the enlarged issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares immediately after completion of the Rights Issue.

#### Basis of provisional allotments

The basis of the provisional allotment shall be three (3) Rights Shares (in nil-paid form) for every one (1) Share held by the Qualifying Shareholders as at the close of business on the Record Date.

## LETTER FROM THE BOARD

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.

### Subscription price

The Subscription Price is HK\$0.10 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (1) a discount of approximately 17.36% to the closing price of HK\$0.121 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (2) a discount of approximately 4.99% to the theoretical ex-rights price of approximately HK\$0.10525 per Share based on the closing price of HK\$0.121 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (3) a discount of approximately 20.38% to the average closing price of HK\$0.1256 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day;
- (4) a discount of approximately 6.02% to the theoretical ex-rights price of approximately HK\$0.1064 based on the average closing price of HK\$0.1256 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day;
- (5) a discount of approximately 22.30% to the average closing price of HK\$0.1287 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day;
- (6) a discount of approximately 6.69% to the theoretical ex-rights price of approximately HK\$0.107175 based on the average closing price of HK\$0.1287 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day;
- (7) a discount of approximately 86.11% to the audited consolidated net asset value per Share of approximately HK\$0.720 based on the published audited consolidated net asset value of the Company of approximately HK\$110.1 million as at 31 December 2020 as extracted from the annual report of the Company for the year ended 31 December 2020 and the issued share capital of the Company of 153,029,515 Shares as at the Latest Practicable Date;

## LETTER FROM THE BOARD

- (8) a theoretical dilution effect (as defined under Rule 10.44A of the GEM Listing Rules) represented by a discount of approximately 15.29% of the theoretical diluted price of HK\$0.1064 per Share to the bench marked price of HK\$0.1256 per Share (as defined under Rule 10.44A of the GEM Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$0.121 per Share and the average closing prices of the Shares as quoted on the Stock Exchange in the 5 consecutive trading days immediately prior to the Last Trading Day of HK\$0.1256 per Share);
- (9) a discount of approximately 18.70% over the closing price of HK\$0.123 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (10) a discount of approximately 5.44% over the theoretical ex-rights price of HK\$0.10575 per Share based on the closing price of HK\$0.123 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Underwriter with reference to, amongst other factors, (i) the recent closing prices of the Shares; (ii) the financial position of the Group; (iii) the amount of the intended funding needs; and (iv) the reasons and benefits of the Rights Issue as discussed in the section headed "Reasons for the Rights Issue" in this Letter from the Board.

In determining the Subscription Price, the Directors have considered, among other things as mentioned above, the closing price range of the Shares traded on the Stock Exchange in the past two months prior to and including the Last Trading Day ("**Relevant Period**") as a benchmark to reflect the prevailing market conditions and recent market sentiment. During the Relevant Period, the Shares were traded on the Stock Exchange with a closing price range between HK\$0.121 and HK\$0.179 with an average closing price of approximately HK\$0.1432 per Share and that the Subscription Price of HK\$0.10 represents (i) a discount of approximately 17.36% to the lowest closing price of HK\$0.121 per Share; (ii) a discount of approximately 44.13% to the highest closing price of HK\$0.179 per Share; and (iii) a discount of approximately 30.17% to the average closing price of the Shares of approximately HK\$0.1432 per Share. Given the trading prices of the Shares during the Relevant Period have been affected by the general downturn of the stock prices of the stock market in Hong Kong during the same period, the Directors considered that the Subscription Price demonstrated a reasonable discount to the then trading prices and an incentive to the Shareholders to participate in the proposed Rights Issue.

## LETTER FROM THE BOARD

As set out above, the Subscription Price represents a discount of approximately 86.11% to the consolidated net asset value per Share of approximately HK\$0.720 (“NAV per Share”) based on the published audited consolidated net asset value of the Company of approximately HK\$110.1 million as at 31 December 2020 and the issued share capital of the Company of 153,029,515 Shares as at the Latest Practicable Date. The Directors were of the view that the Shares had been consistently traded at a substantial discount to the NAV per Share during the period since the publication of the audited financial statements of the Group for the year ended 31 December 2019 to the publication of the latest audited financial statements of the Group including the Relevant Period. As such, the Directors considered that when determining the Subscription Price, it would be more appropriate to make reference to the prevailing market price of the Shares, which reflected the fair market value of the Shares traded on the Stock Exchange instead of making reference to the net asset value per Share. The attractiveness of the Rights Issue for the Shareholders to participate in the Rights Issue would be significantly reduced if the Subscription Price was made with reference to the NAV per Share.

In view of the above, and having considered that all the Qualifying Shareholders will be offered equal opportunity to subscribe for the Rights Shares by way of provisional allotment, the Directors consider that the terms of the Rights Issue and the Underwriting Agreement, including the Subscription Price, are fair and reasonable and in the best interests of the Company and the Shareholders as a whole.

The net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue) upon full acceptance of the provisional allotment of Rights Shares will be approximately HK\$0.094, representing (1) a discount of approximately 22.31% to the closing price of HK\$0.121 per Share as quoted on the Stock Exchange on the Last Trading Day; (2) a discount of approximately 10.69% to the theoretical ex-rights price of approximately HK\$0.10525 per Share based on the closing price of HK\$0.121 per Share as quoted on the Stock Exchange on the Last Trading Day; (3) a discount of approximately 23.58% over the closing price of HK\$0.123 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and (4) a discount of approximately 11.11% over the theoretical ex-rights price of HK\$0.10575 per Share based on the closing price of HK\$0.123 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

### **Qualifying Shareholders**

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

## LETTER FROM THE BOARD

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

For Shareholders with an address outside Hong Kong on the register of members of the Company at the close of business on the Record Date, please refer to the paragraph headed “Non-Qualifying Shareholders” below.

### **Non-Qualifying Shareholders**

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. The Company will comply with Rule 17.41(1) of the GEM Listing Rules and make enquiries regarding the feasibility of extending the offer of the Rights Shares to the Overseas Shareholders, if any. If, based on the legal opinions to be provided by the legal advisers to the Company, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the place(s) of their registered address(es) or the requirements of the relevant regulatory body(ies) or stock exchange(s) in such place(s), the Rights Issue will not be extended to such Overseas Shareholders.

Based on the latest available register of members of the Company, as at the Record Date, the Company had four Overseas Shareholders, one with a registered address in Malaysia holding 25 Shares, one with a registered address in Singapore holding 216 Shares and two with registered addresses in the PRC holding an aggregate of 123 Shares. The Overseas Shareholders collectively held 364 Shares in aggregate, representing approximately 0.00024% of the total number of Shares in issue as at the Record Date. The Company has complied with all necessary requirements specified in Rule 17.41(1) of the GEM Listing Rules and has made enquiry with its legal advisers regarding the feasibility of extending the Rights Issue to the Overseas Shareholders under the laws of the relevant places and the requirements of the relevant regulatory body or the stock exchange.

Based on the advice and replies provided by the relevant foreign legal advisers, the Directors are of the view that it is expedient to extend the Rights Issue to the Overseas Shareholders in the PRC and Singapore as the making of the Rights Issue in such jurisdictions pursuant to the terms of the Prospectus Documents does not require compliance with the local legal or regulatory requirements in such jurisdictions. Whereas, based on the advice obtained from legal advisers in Malaysia, certain local legal and regulatory requirements may have to be complied with if the Rights Issue is to be extended to the Shareholder who reside in this jurisdiction. In this connection, the Company is of the view that it would be necessary or expedient to exclude the Overseas Shareholder in Malaysia from the Rights Issue on account of either legal restrictions under the laws of the relevant overseas jurisdiction in which the address of such Overseas Shareholder recorded in the register of members of the Company is situated or of the time and costs involved in complying with the relevant legal and regulatory requirements. The Company will therefore send this Prospectus, for information only, to such Non-Qualifying Shareholder. The PAL will not be sent to the Non-Qualifying Shareholder.

## LETTER FROM THE BOARD

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

The Non-Qualifying Shareholders (which are excluded from the Rights Issue) will not have any entitlement under the Rights Issue. Nonetheless, arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders, to be sold in the market in their nil-paid form as soon as practicable after dealing in nil-paid Rights Shares commence and before dealing in the nil-paid Rights Shares end, if a premium (net of expenses) can be obtained. The proceeds from such sale, less expenses, of more than HK\$100 will be paid on pro-rata basis to the relevant Non-Qualifying Shareholders. In view of administrative costs, the Company will retain individual amounts of HK\$100 or less for its own benefit.

The Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form that have not been sold by the Company, i.e. the NQS Unsold Rights Shares, together with the Unsubscribed Rights Shares, shall be subject to the Compensatory Arrangements, as further described in the paragraph headed "Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares, and the Compensatory Arrangements" below.

### **Procedures for acceptance of and payment and/or transfer of the Right Shares**

Qualifying Shareholders will find enclosed with this Prospectus a PAL which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of Rights Shares shown therein. If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PALs, they must lodge the PALs in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:00 p.m. on Tuesday, 20 July 2021. All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to "TRICOR TRUST (HONG KONG) LIMITED – A/C NO. 19" 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 Tuesday, 20 July 2021, 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 absolute discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require the relevant person(s) to complete the incomplete PAL at a later stage.

## LETTER FROM THE BOARD

If the Qualifying Shareholders wish to accept only part of their provisional allotment or transfer part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or to transfer part or all of their rights to more than one person, the entire PAL must be surrendered and lodged for cancellation by no later than 4:30 p.m. on Monday, 12 July 2021 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 following the surrender of the original PAL. This process is commonly referred to as "splitting" of nil-paid Rights Shares. It should be noted that stamp duty is payable in connection with a transfer of rights to subscribe for the Rights Shares.

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

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques or cashier's orders accompanying completed PALs will be presented for payment immediately following receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier's order will constitute a warranty by such person that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled. No receipt will be given in respect of any application monies received.

If any of the conditions of the Rights Issue as set out in the paragraph headed "Conditions of the Rights Issue" below is not fulfilled by the Latest Time for Acceptance, the remittance received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the Rights Shares in the nil-paid form have been validly transferred or, in the case of joint acceptances, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders or such other persons to their registered addresses by the Registrar on or before Thursday 29 July 2021.

### **Taxation**

Qualifying Shareholders are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of holding or dealing in the Rights Shares. It is emphasised that none of the Company, its Directors or any other parties involved in the Rights Issue accept responsibility for any tax effects or liability of holders of the Rights Shares resulting from holding or disposal of, or dealing in of the Rights Shares.

## LETTER FROM THE BOARD

### **Fractions of Rights Shares**

On the basis of provisional allotment of three (3) Rights Shares for every one (1) Share held by the Qualifying Shareholders on the Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

### **Status of Rights Shares**

The Rights Shares, when allotted and fully paid, will 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, the record date of which is after the date of allotment of the Rights Shares in their fully-paid form.

### **Share certificates for the Rights Issue and refund cheques**

Subject to the fulfilment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted on Thursday, 29 July 2021 by ordinary post to the allottees, at their own risk, to their registered addresses. Each allottee, except HKSCC Nominees Limited will receive one share certificate for all allotted Rights Shares. If the Rights Issue is terminated, refund cheques are expected to be posted on or about Thursday, 29 July 2021 by ordinary post at the respective applicants' own risk.

### **Odd lots matching services**

In order to alleviate the difficulties arising from the existence of odd lots of Rights Shares arising from the Rights Issue, the Company will arrange the odd lots matching services, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Rights Shares to make up a full board lot, or to dispose of their holdings of odd lots of the Rights Shares. The Company has appointed China Demeter Securities Limited as an agent to provide matching services, on a best effort basis, to the Shareholders who wish to top up or sell their holdings of odd lots of the Shares during the period from 9:00 a.m. on Friday, 30 July 2021 to 4:00 p.m. on Friday, 20 August 2021 (both dates inclusive). Holders of the Shares in odd lots represented by the existing share certificates for the Shares who wish to take advantage of this facility either to dispose of their odd lots of the Shares or to top up their odd lots to a full new board lot may directly or through their broker contact Mr. Chan Chi Fung of China Demeter Securities Limited at Office A1, 35/F, United Centre, 95 Queensway, Admiralty, Hong Kong (telephone number: (852) 2106 3110 or fax number: (852) 2840 1416) during such period. Holders of the Shares in odd lots should note that successful matching of the sale and purchase of odd lots of the Shares is not guaranteed. The Shareholders are recommended to consult their professional advisers if they are in doubt about the above facility.



## LETTER FROM THE BOARD

### **Application for listing**

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue.

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

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

No part of the share capital of the Company is listed or dealt in or for which listing or permission to deal in is being or is proposed to be sought on any other stock exchange, save for the Stock Exchange.

### **Irrevocable Undertakings**

As at the Latest Practicable Date, (1) Mr. Ng Ting Kit, a substantial Shareholder, owns an aggregate of 25,925,000 Shares, representing approximately 16.94% of the existing issued Shares; (2) Mr. Ng Man Chun Paul, the chairman of the Board and an executive Director, owns an aggregate of 961,250 Shares, representing approximately 0.63% of the existing issued Shares, and the holder of Existing Share Options entitling him to subscribe for a maximum of 1,530,000 new Shares; and (3) Mr. Ng Ting Ho, the chief executive officer of the Company and an executive Director, owns an aggregate of 961,250 Shares, representing approximately 0.63% of the existing issued Shares, and the holder of Existing Share Options entitling him to subscribe for a maximum of 1,530,000 new Shares.

## LETTER FROM THE BOARD

Pursuant to the Irrevocable Undertakings, each of Mr. Ng Ting Kit, Mr. Ng Man Chun Paul and Mr. Ng Ting Ho has provided irrevocable and unconditional undertakings to the Company that (a) all the above Shares and (where applicable) the Existing Share Options held by them will continue to be beneficially owned by each of them on the Record Date; (b) each of them will accept and pay for all the Rights Shares to be provisionally allotted to each of them under the Rights Issue pursuant to the terms and conditions of the Prospectus Documents; and (c) each of Mr. Ng Man Chun Paul and Mr. Ng Ting Ho shall not exercise any of his Existing Share Options up to the date of allotment and issue of the Rights Issue (in their fully-paid form) under the Rights Issue. The Irrevocable Undertakings shall automatically lapse and be of no further force and effect in the event the Underwriting Agreement is terminated in accordance with its terms at or before the Latest Time for Termination or upon completion of the Rights Issue. Other than the above, the Irrevocable Undertakings will not cease to be binding.

### **Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares, and the Compensatory Arrangements**

Pursuant to Rule 10.31(2) of the GEM Listing Rules, as the Underwriter is wholly-owned by Mr. Ng Ting Kit, a substantial Shareholder owning an aggregate of 25,925,000 Shares, representing approximately 16.94% of the existing issued Shares, the Company must make arrangements described in Rule 10.31(1)(b) of the GEM Listing Rules to dispose of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by offering the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent places for the benefit of the Shareholders to whom they were offered by way of the rights. There will be no excess application arrangements in relation to the Rights Issue as stipulated under Rule 10.31(1)(a) of the GEM Listing Rules.

The Company has appointed the Placing Agent to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares after the Latest Time for Acceptance to independent places on a best effort basis, and any premium over the aggregate amount of (i) the Subscription Price for those Rights Shares; and (ii) the expenses of the Placing Agent (including any other related expenses/fees), that is realised from the Placing will be paid to those No Action Shareholders. The Placing Agent will, on a best effort basis, procure, by not later than 4:00 p.m. on Monday, 26 July 2021, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and the NQS Unsold Rights Shares at a price not less than the Subscription Price. Any unsold Unsubscribed Rights Shares and the NQS Unsold Rights Shares under the Compensatory Arrangements will be taken up by the Underwriter pursuant to the terms of the Underwriting Agreement.

## LETTER FROM THE BOARD

Net Gain (if any) will be paid on pro-rata basis (on the basis of all Unsubscribed Rights Shares and NQS Unsold Rights Shares) to the No Action Shareholders (but rounded down to the nearest cent) as set out below:

- (1) the Qualifying Shareholders who did not subscribe for the Rights Shares (whether partially or fully) under the PALs and their renounees;
- (2) such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed; and
- (3) the Non-Qualifying Shareholders in respect of the NQS Unsold Rights Shares.

It is proposed that Net Gain to any of the No Action Shareholder(s) mentioned in (1) to (3) above which is in an amount of HK\$100 or more will be paid to such No Action Shareholder in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit.

### Conditions of the Rights Issue

The Rights Issue will be conditional upon, among others, (i) granting of the Whitewash Waiver by the Executive and the satisfaction of any condition attached to the Whitewash Waiver; (ii) obtaining the Independent Shareholders' approval for the Underwriting Agreement and the Whitewash Waiver; and (iii) the Underwriting Agreement not being terminated by the Underwriter pursuant to the terms thereof on or before the Latest Time for Termination. For details of the conditions of the Underwriting Agreement, please refer to the section headed "The Underwriting Agreement – Conditions of the Underwriting Agreement" in this Letter from the Board.

### The Placing Agreement

After trading hours on 29 March 2021, the Company and the Placing Agent entered into the Placing Agreement (as amended by the Supplemental Placing Agreements), pursuant to which the Placing Agent has conditionally agreed to procure Placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares. Details of the Placing Agreement are as follows:

- |               |   |   |
|---------------|---|---|
| Date          | : | 29 March 2021 (the original Placing Agreement)<br>7 May 2021 and 14 May 2021 (the Supplemental Placing Agreements)  |
| Placing Agent | : | Kingkey Securities Group Limited was appointed as the Placing Agent to procure, on a best effort basis, Placees to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares. |

## LETTER FROM THE BOARD

The Placing Agent confirmed that each of it and its ultimate beneficial owner(s) is independent of and not connected with the Company and its connected persons or any of their respective associates and not acting in concert with the Underwriter, Mr. Ng Ting Kit and parties acting in concert with any one of them. It is also a term of the Placing Agreement that each of the sub-placing agent(s), if any is appointed by the Placing Agent, and their ultimate beneficial owner(s) is also independent of and not connected with the Company and its connected persons or any of their respective associates and not acting in concert with the Underwriter, Mr. Ng Ting Kit and parties acting in concert with any one of them.

As at the Latest Practicable Date, each of the Placing Agent and its ultimate beneficial owner(s) and their respective concert parties does not hold any relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Company, and no sub-placing agents has been appointed by the Placing Agent as at the Latest Practicable Date.

- Placing fee : 2% of the aggregate placing price of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares successfully placed by or on behalf of the Placing Agent.
- Placing price of the Unsubscribed Rights Shares and/or and the NQS Unsold Rights Shares (as the case maybe) : The placing price of the Unsubscribed Rights Shares and/or the NQS Unsold Rights Shares (as the case maybe) shall be not less than the Subscription Price.
- The final price determination is dependent on the demand and market conditions of the Unsubscribed Rights Shares and/or the NQS Unsold Rights Shares during the process of placement.
- Places : The Unsubscribed Rights Shares and the NQS Unsold Rights Shares are expected to be placed to the Placee(s) who and whose ultimate beneficial owner(s) shall be the Independent Third Party(ies).
- Ranking of Unsubscribed Rights Shares and the NQS Unsold Rights Shares : Unsubscribed Rights Shares and the NQS Unsold Rights Shares (when placed, allotted, issued and fully paid) shall rank pari passu in all respects among themselves and with the Shares then in issue.

## LETTER FROM THE BOARD

- Condition Precedent : The obligations of the Placing Agent under the Placing Agreement are conditional upon the Underwriting Agreement becoming unconditional.
- Placing Completion Date : Thursday, 29 July 2021 or such other date as the Company and the Placing Agent may agree in writing.
- Termination : If, prior to the Latest Placing Time:
- (1) in the reasonable opinion of the Placing Agent, the success of the Placing would be materially and adversely affected by:
    - (a) the introduction of any new 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 reasonable opinion of the Placing Agent 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 Placing; 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, 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 reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
    - (c) any materially adverse change in the business or in the financial or trading position of the Group as a whole; or

## LETTER FROM THE BOARD

- (d) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or
- (2) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions which includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs in Hong Kong, the United States of America or the PRC which in the reasonable opinion of the Placing Agent makes it inexpedient or inadvisable to proceed with the Placing,

the Placing Agent shall be entitled, without any liability to the Company, by notice in writing to the Company served prior to the Latest Placing Time, to terminate the Placing Agreement.

The terms of the Placing Agreement (including the placing fee) were determined after arm's length negotiation between the Placing Agent and the Company and are on normal commercial terms. The Directors consider that the placing fee charged by the Placing Agent is no less favourable to the Company than the market rate in recent placing transactions and are therefore of the view that the terms of the Placing Agreement are on normal commercial terms.

Given that the Compensatory Arrangements would provide (1) a distribution channel of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to the Company; (2) channel of participation in the Rights Issue for independent investors; and (3) a compensatory mechanism for No Action Shareholders, the Directors consider that the Compensatory Arrangements are fair and reasonable and would provide adequate safeguard to protect the interest of the Company's minority Shareholders.

## LETTER FROM THE BOARD

### THE UNDERWRITING AGREEMENT

The Underwriter and the Company entered into the Underwriting Agreement (as amended by the Supplemental Underwriting Agreements) pursuant to which the Underwriter has conditionally agreed to fully underwrite all the Rights Shares other than those agreed to be taken up by Mr. Ng Ting Kit, Mr. Ng Man Chun Paul and Mr. Ng Ting Ho pursuant to the Irrevocable Undertakings. Material terms of the Underwriting Agreement are set out below:

Date	:	29 March 2021 (the original Underwriting Agreement) 7 May 2021 and 14 May 2021 (the Supplemental Underwriting Agreements)
Underwriter	:	Trinity Worldwide Capital Holding Limited. Please refer to the paragraph headed “The Underwriting Agreement – Information on the Underwriter” in this Letter from the Board below.
Total number of Rights Shares underwritten by the Underwriter	:	375,546,045 Rights Shares (being all the Rights Shares other than the 83,542,500 Rights Shares that have been undertaken to be subscribed by Mr. Ng Ting Kit, Mr. Ng Man Chun Paul and Mr. Ng Ting Ho pursuant to the Irrevocable Undertakings).
Commission	:	The Underwriter will not receive any underwriting commission.

The terms of the Underwriting Agreement were determined after arm’s length negotiation between the Company and the Underwriter by reference to the existing financial position of the Group, the size of the Rights Issue, and the market conditions.

It is not in the ordinary course of business of the Underwriter to underwrite issues of shares. The Underwriter’s role as an underwriter in respect of the Rights Issue, together with the Irrevocable Undertaking given by Mr. Ng Ting Kit, signify strong support from the substantial Shareholder to the Group and his confidence in the development of the Group.

Having considered the above, the Directors consider that the Underwriter, a company wholly-owned by the substantial Shareholder who is willing to support the continuing growth of the Group, as the underwriter for the Rights Issue is in the interests of the Company and the Shareholders as a whole, and that the terms of the Underwriting Agreement are fair and reasonable and the transactions contemplated under the Underwriting Agreement are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

## LETTER FROM THE BOARD

### Information on the Underwriter

The Underwriter is an investment holding company incorporated in British Virgin Islands with limited liability and is not engaged in underwriting of issue of securities in its ordinary course of business. The Underwriter is wholly-owned by Mr. Ng Ting Kit, a substantial Shareholder who is a cousin of Mr. Ng Man Chun Paul, the chairman of the Board and an executive Director, and the brother of Mr. Ng Ting Ho, the chief executive officer of the Company and an executive Director. As at the Latest Practicable Date, Mr. Ng Ting Kit is beneficially interested in 25,925,000 Shares, representing approximately 16.94% of the existing issued Shares. As such, the Underwriter complies with Rule 10.24A(2) of the GEM Listing Rules. Therefore, the Underwriter is a connected person of the Company under Chapter 20 of the GEM Listing Rules.

It is the intention of the Underwriter to continue to carry on the businesses of the Group and to continue the employment of the employees of the Group. The Underwriter has no intention to introduce any major changes to the businesses of the Group including redeployment of the fixed assets of the Group.

### Conditions of the Underwriting Agreement

The obligations of the Underwriter under the Underwriting Agreement are conditional upon:

- (1) the passing by the Independent Shareholders at the SGM of (i) ordinary resolutions to approve the Rights Issue (including, but not limited to, the exclusion of the offer of the Rights Shares to the Non-Qualifying Shareholders) and the Underwriting Agreement; and (ii) a special resolution to approve the Whitewash Waiver by no later than the Prospectus Posting Date;
- (2) the Executive granting the Whitewash Waiver to the Underwriter and the satisfaction of any condition attached to the Whitewash Waiver granted;
- (3) the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in all the Rights Shares (in their nil-paid and fully-paid forms) by no later than the Prospectus Posting Date;
- (4) the filing and registration of all relevant documents with the Registrar of Companies in Hong Kong by no later than the Prospectus Posting Date;
- (5) the posting of the Prospectus Documents to Qualifying Shareholders on the Prospectus Posting Date;
- (6) the Underwriting Agreement not being terminated by the Underwriter pursuant to the terms thereof on or before the Latest Time for Termination;
- (7) the entering into of the Placing Agreement;



## LETTER FROM THE BOARD

- (8) the delivery of the duly signed Irrevocable Undertakings to the Company;
- (9) the SFC having granted the necessary approval or consent for the Underwriter to become a substantial shareholder of the Licensed Subsidiary under the SFO as a result of the taking up of the Underwritten Shares by the Underwriter pursuant to its obligations under the Underwriting Agreement; and
- (10) compliance with and performance of all the undertakings and obligations of the signatory of each of the Irrevocable Undertakings.

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

As at the Latest Practicable Date, other than the conditions precedent (1), (7), (8) and (9) above, none of the above conditions precedent has been fulfilled.

### **Termination of the Underwriting Agreement**

If, prior to the Latest Time for Termination:

- (1) in the reasonable opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
  - (a) the introduction of any new 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 reasonable 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 of the Underwriting Agreement), of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable 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
  - (c) any materially adverse change in the business or in the financial or trading position of the Group as a whole; or

## LETTER FROM THE BOARD

- (d) there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or
- (2) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions which includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States of America) occurs in Hong Kong, the United States of America or the PRC which in the reasonable opinion of the Underwriter makes it inexpedient or inadvisable to proceed with the Rights Issue,

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.

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (1) any material breach of any of the warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (2) any event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the representations, warranties and undertakings contained in the Underwriting Agreement untrue or incorrect in any material respect comes to the knowledge of the Underwriter.

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination.

**If the Underwriter terminates the Underwriting Agreement in accordance with the terms thereof, the Rights Issue will not proceed.**

# LETTER FROM THE BOARD

## SHAREHOLDING STRUCTURE OF THE COMPANY

If the Rights Issue is to proceed, for illustration purposes only:

	(i)		(ii)		(iii)		(iv)	
	As at the Record Date		Immediately after completion of the Rights Issue assuming full acceptance of the Rights Shares by the Qualifying Shareholders		Immediately after completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders other than those who have provided Irrevocable Undertakings and 100% of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares are fully placed to the Places under the Compensatory Arrangements		Immediately after completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders other than those who have provided Irrevocable Undertakings and 100% of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares are taken up by the Underwriter (Note 5)	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Ng Ting Kit (Note 1)	25,925,000	16.94	103,700,000	16.94	103,700,000	16.94	103,700,000	16.94
Ng Man Chun Paul (Note 2)	961,250	0.63	3,845,000	0.63	3,845,000	0.63	3,845,000	0.63
Ng Ting Ho (Note 3)	961,250	0.63	3,845,000	0.63	3,845,000	0.63	3,845,000	0.63
Underwriter (Note 4)	-	-	-	-	-	-	375,546,045	61.35
<i>Sub-total of the Underwriter and parties acting in concert with it</i>	27,847,500	18.20	111,390,000	18.20	111,390,000	18.20	486,936,045	79.55
Other public Shareholders	125,182,015	81.80	500,728,060	81.80	500,728,060	81.80	125,182,015	20.45
<b>Total</b>	<b>153,029,515</b>	<b>100.00</b>	<b>612,118,060</b>	<b>100.00</b>	<b>612,118,060</b>	<b>100.00</b>	<b>612,118,060</b>	<b>100.00</b>

*Notes:*

- Mr. Ng Ting Kit is a cousin of Mr. Ng Man Chun Paul, the chairman of the Board and an executive Director, and the brother of Mr. Ng Ting Ho, the chief executive officer of the Company and an executive Director. As at the Latest Practicable Date, Mr. Ng Ting Kit owns 25,925,000 Shares.
- Mr. Ng Man Chun Paul is the chairman of the Board and an executive Director. He is also a cousin of each of Mr. Ng Ting Kit and Mr. Ng Ting Ho. As at the Latest Practicable Date, Mr. Ng Man Chun Paul owns 961,250 Shares and is the holder of 1,530,000 Existing Share Options.
- Mr. Ng Ting Ho is the chief executive officer of the Company and an executive Director. He is the brother of Mr. Ng Ting Kit and a cousin of Mr. Ng Man Chun Paul. As at the Latest Practicable Date, Mr. Ng Ting Ho owns 961,250 Shares and is the holder of 1,530,000 Existing Share Options.
- The Underwriter is wholly-owned by Mr. Ng Ting Kit.

## LETTER FROM THE BOARD

5. This scenario is for illustrative purpose only. For the Compensatory Arrangements, the Company has entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed to procure Placee(s), on a best effort basis, to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares. The Company will take all appropriate steps to ensure that sufficient public float be maintained upon completion of the Rights Issue and the Compensatory Arrangements in compliance with Rule 11.23(7) of the GEM Listing Rules. To ensure the compliance of the public float requirements under the GEM Listing Rules can be fulfilled by the Company, the Underwriter has entered into a placing agreement which shall only become effective after the completion of the Rights Issue (including the allotment and issue of the Rights Shares and completion of the Compensatory Arrangements) with Power Securities Company Limited, a placing agent which is a licensed corporation to carry out Type 1 (dealing in securities) regulated activity under the SFO which has confirmed that each of it and its ultimate beneficial owners is an Independent Third Party, to ensure that, in the event that as a result of the Underwritten Shares that the Underwriter has taken up pursuant to its obligations under the Underwriting Agreement upon completion of the Rights Issue and the Compensatory Arrangements would result in public float could not be maintained, the Underwriter shall place down such number of Shares, such that sufficient public float could be maintained in compliance with Rule 11.23(7) of the GEM Listing Rules. Such placing agreement shall only become effective after the completion of the Rights Issue (including the allotment and issue of the Rights Shares and completion of the Compensatory Arrangements) and as at the Latest Practicable Date, no placee has been procured or identified by the placing agent.
6. 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.
7. The above shareholding structure table assumes that the Existing Share Options have not been exercised and there is no other change in the shareholding structure of the Company.

### REASONS FOR THE RIGHTS ISSUE

The Group is principally engaged in (i) alcoholic beverage distribution and miscellaneous business; (ii) food and beverage business; (iii) money lending business; (iv) provision of children education services; (v) financial services business; and (vi) securities investment business.

The Board believes that the Rights Issue will enable the Company to strengthen its working capital base and to enhance its financial position, while at the same time to key business development for the foreseeable future. As at 31 December 2020, the Group had cash and cash equivalents of approximately HK\$35.6 million. Based on the current funding requirement of the Group, the Group will require maintaining operating cash and general working capital for the different business segments of the Group such as a minimum operating cash for the operation of the Group's food and beverage business, and also for the licensing requirements for the Group's licensed corporation under the SFO for operation of the Group's financial services business, even if disregarding the funding needs for (i) the loan repayment (which amounted to approximately HK\$10 million); (ii) the expected investment cost to be incurred for the new restaurant in the food and beverage business segment (which amounted to approximately HK\$4 to HK\$5 million); and (iii) developing the margin financing business while maintaining at all times capital liquidity to settle all trades and the requirement as set out under the financial resources rules and financial return, details of which are more particularly described in the section headed "Use of proceeds" in this Letter from the Board below. As such, it is expected that the net proceeds from the Rights Issue can help resolve the cash flow need of the Group and thus is in the interests of the Company and its shareholders as a whole.

## LETTER FROM THE BOARD

In addition, to maintain a healthy business development of the Group, in the view of the drop in rent prices and increasing supply of attractive sites in the market in Hong Kong, the Board is confident to expand the food and beverage business at reasonable pace. Regarding the development of the financial services business, the increasing demand from the U.S. listed Chinese companies and more technology companies seeking to have listings in Hong Kong benefits the average daily turnover over the past 12 months. Hence the appetite for margin financing is increased. Therefore, the Board intends to allot more capitals in margin financing business to capture the opportunities.

Apart from the Rights Issue, the Board has considered other debt/equity fund raising alternatives such as bank borrowings, placing or an open offer. The Board noted that bank borrowings will carry interest costs and may require the provision of security and creditors will rank before the Shareholders, and placing will dilute the interests of Shareholders without giving them the opportunity to take part in the exercise. As opposed to an open offer, the Rights Issue enables the Shareholders to sell the nil-paid rights in the market. The Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Company.

Having considered the abovementioned alternatives, the Board consider raising funds by way of the Rights Issue is more attractive in the current market condition and the Rights Issue will enable the Company to strengthen its working capital base and enhance its financial position, while at the same time, allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company, and thus, in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors consider that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole.

## LETTER FROM THE BOARD

### USE OF PROCEEDS

The Company will raise, before expenses, approximately HK\$45.9 from the Rights Issue. The estimated expenses, in the sum of approximately HK\$2.4 million, in relation to the Rights Issue, including the financial, legal, and other professional advisory fees, placing fee, printing and translation expenses will be borne by the Company. The Company intends to apply the net proceeds from the Rights Issue of approximately HK\$43.5 million as follows:

- (1) as to approximately HK\$9.0 million to capital expenditure and related expenses on expanding the restaurants of the Group's food and beverage business segment:**

Of such amount, (i) approximately HK\$4 to HK\$5 million will be used for investment costs in opening a new restaurant, the operation of which is expected to commence around August to September 2021. To this end, the Group has entered into a lease of premises in Landmark North, Sheung Shui, New Territories for operation of a Japanese Shabu Shabu restaurant, further particulars of which are set out in the announcement of the Company dated 14 April 2021; and (ii) approximately HK\$4 to HK\$5 million will be used for the replacement for its existing facilities, procurement of machinery and equipment, installing systems for accounting and customer relationship management and exploring opportunities for opening new restaurants.

- (2) as to approximately HK\$20.0 million will be allocated to the Group's financial services business segment for margin financing:**

Approximately HK\$19.5 million will be used to develop the financial services business of the Group through the margin financing services. The remaining approximately HK\$0.5 million will be used in marketing the financial services business. During the year ended 31 December 2020, the stocks market in Hong Kong set new trading activity records, in which the trading volumes on both Stock Connect reached new highs as driven by the strong growth momentum in biotech and new economy company fundraisings. In the same period, the Group's interest income from margin financing has been growing continually from approximately HK\$339,000 to approximately HK\$1.82 million and the receivables from margin clients were up to approximately HK\$45 million while the total marginable value of securities under margin clients' accounts was over approximately HK\$80 million. The Group has benefited in an increase in interest income and commission from the high demand for margin financing and the higher average trading turnover during 2020, and the Group considers that the interest income will increase considerably if the proceeds raised from the Rights Issue as mentioned above can be utilised in the margin financial service.

## LETTER FROM THE BOARD

- (3) **as to approximately HK\$10.0 million for repayment of a loan of the Group owing to a lender who is an Independent Third Party and is not a Shareholder:**

Such loan was granted to the Group by E Finance Limited, which is an Independent Third Party and is not a Shareholder, in the principal amount of HK\$10,000,000. Such loan bears an interest at 10% per annum, shall mature on 26 July 2021 and is unsecured.

- (4) **as to approximately HK\$4.5 million will be used as general working capital of the Group:**

The Company intends to apply the net proceeds to general working capital purpose which includes salaries and allowance of the staff at the Company's head office and administration expense (including but not limited to rental and management fee of the Company's head office), which based on the Group's estimation, the related expenses would be approximately HK\$1.5 million per month.

The Company confirms that, as at Latest Practicable Date, it has no intention, agreement, arrangement, understanding and/or negotiation (i.e. concluded or otherwise) on any potential equity/debt fundraising activities in the next twelve months after the Rights Issue and the Compensatory Arrangements.

### **FUND RAISING ACTIVITIES INVOLVING ISSUE OF SECURITIES IN THE PAST 12 MONTHS**

The Company has not conducted any fund raising activities involving issue of securities in the past 12 months immediately preceding the Latest Practicable Date.

## LETTER FROM THE BOARD

### THE WHITEWASH WAIVER

As at the Latest Practicable Date, the Underwriter and parties acting in concert with it (comprising the Underwriter, Mr. Ng Ting Kit, Mr. Ng Man Chun Paul and Mr. Ng Ting Ho), taken together, in aggregate, hold 27,847,500 Shares, representing approximately 18.20% of the issued share capital of the Company.

If there had been no acceptance by the Qualifying Shareholders under the Rights Issue (other than the acceptance of Mr. Ng Ting Kit, Mr. Ng Man Chun Paul and Mr. Ng Ting Ho pursuant to the Irrevocable Undertakings) and no placement can be made under the Compensatory Arrangements, upon completion of the Rights Issue:

- (1) assuming that there is no change in the issued share capital of the Company other than the allotment and issue of the Rights Shares, the Underwriter will be required to take up 375,546,045 Rights Shares. In such circumstances, the Underwriter and parties acting in concert with it (comprising the Underwriter, Mr. Ng Ting Kit, Mr. Ng Man Chun Paul and Mr. Ng Ting Ho), taken together, will in aggregate, hold 486,936,045 Shares, representing approximately 79.55% of the issued share capital of the Company as enlarged by the Rights Shares; and
- (2) assuming that the Existing Share Options (other than those undertaken not to be exercised pursuant to the Irrevocable Undertakings) were exercised in full on or before the Record Date and there is no other change in the issued share capital of the Company other than the allotment and issue of the Rights Shares, the Underwriter will be required to take up 412,266,045 Rights Shares. In such circumstances, the Underwriter and parties acting in concert with it (comprising the Underwriter, Mr. Ng Ting Kit, Mr. Ng Man Chun Paul and Mr. Ng Ting Ho), taken together, will in aggregate, hold 523,656,045 Shares, representing approximately 79.21% of the issued share capital of the Company as enlarged by the Rights Shares.

Accordingly, in either case, such increase of voting rights of the Company of the Underwriter would therefore trigger an obligation of the Underwriter, Mr. Ng Ting Kit and parties acting in concert with any one of them to make a mandatory general offer for all the issued Shares not already owned or agreed to be acquired by the Underwriter, Mr. Ng Ting Kit and parties acting in concert with any one of them under Rule 26 of the Takeovers Code, unless the Whitewash Waiver is granted by the Executive.



## LETTER FROM THE BOARD

An application has been made by the Underwriter to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code.

On 15 June 2021, the Executive granted the Whitewash Waiver, which was subject to, among other things, (i) the approval by at least 75% of the Independent Shareholders at the SGM by way of poll in respect of the Whitewash Waiver; and (ii) the approval by more than 50% of the Independent Shareholders at the SGM by way of poll in respect of the Rights Issue, the Underwriting Agreement, the Placing Agreement and the transactions contemplated thereunder. At the SGM held on 21 June 2021, the relevant resolutions were duly passed by the Independent Shareholders by way of poll.

**If there had been no acceptance by the Qualifying Shareholders under the Rights Issue (other than the acceptance of Mr. Ng Ting Kit, Mr. Ng Man Chun Paul and Mr. Ng Ting Ho pursuant to the Irrevocable Undertakings) and no placement can be made under the Compensatory Arrangements, upon completion of the Rights Issue, the Underwriter and parties acting in concert with it (comprising the Underwriter, Mr. Ng Ting Kit, Mr. Ng Man Chun Paul and Mr. Ng Ting Ho) will, in aggregate, hold more than 50% of the Company's voting rights, the Underwriter may thereafter increase its holding without incurring any further obligation under Rule 26 of the Takeovers Code to make a general offer.**

As at the Latest Practicable Date, save for the Irrevocable Undertakings, the Company has not received any other irrevocable commitments to accept or reject the Rights Shares or to vote for or against the Rights Issue and/or the Whitewash Waiver.

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

**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 section headed "The Underwriting Agreement — Termination of the Underwriting Agreement" in this Letter from the Board). Accordingly, the Rights Issue may or may not proceed.**

**Dealings in the Rights Shares in nil-paid form are expected to take place from Thursday, 8 July 2021 to Thursday, 15 July 2021 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or the Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.**

## LETTER FROM THE BOARD

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

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

### RISK FACTORS

In compliance with the GEM Listing Rules, the Company sets out below the risk factors of the Group for the Shareholders' attention. The Directors believe that there are certain risks involved in the operations of the Group which include, but do not limit to, the following:

#### **Business risks relating to the Group**

The Group is principally engaged in (i) alcoholic beverage distribution and miscellaneous business; (ii) food and beverage business; (iii) money lending business; (iv) provision of children education services; (v) financial services business; and (vi) securities investment business.

##### *(1) Reliance on key personnel*

The effective operations and future success of the Group's business are depending, to a significant extent, on the capability, experience and continued efforts of our key management personnel. If the Group is unable to attract, retain and motivate the necessary key management personnel, the business and operation conditions of the Group may be disrupted and the results and financial positions of the Group may be materially or adversely affected.

## LETTER FROM THE BOARD

### *(2) Reliance on close relationship with the Group's customers*

The success of the Group relies heavily on good relationship with its customers. If the Group fails to maintain the current level of business relationship with its customers and retain them in its sales and distribution network, the sales, financial condition and operating results of the Group may be adversely affected.

### *(3) Risk relating to the food and beverage business*

- (a) Uncertainties on obtaining or renewing the licences and permits for the Group's operations – the Group is required to obtain and maintain various type of licences, including (i) general licences and (ii) liquor licence and other approvals or permits, including restricted food permits for its restaurants operation in Hong Kong. Most of the requisite licences are usually valid for one to two years and the licences are required to be renewed before their expiry to comply with the relevant requirements and ensure that business operation can be continued without any disruption. The Group may experience difficulties or failures in obtaining or renewing the necessary approvals, licences and permit for new restaurants in a timely manner or at all for factors beyond its control.
- (b) Rely on individual to hold all the liquor licences of restaurants – all of the liquor licences of the Group's restaurants were held by individuals. Pursuant to Regulation 15 of the Dutiable Commodities (Liquor) Regulations (Chapter 109B of the Laws of Hong Kong), any transfer of a liquor licence must be conducted in the prescribed form with the consent of the liquor licence holder. In case of illness or temporary absence of the liquor licence holder, the secretary of the Liquor Licensing Board may in his/her discretion authorize any person to manage the licenced premises under Regulation 24 of the Dutiable Commodities (Liquor) Regulations, upon application by the liquor licence holder. For any application for cancellation of the liquor licence made by the holder of liquor licence, one must make an application for new issue of a liquor licence to the Liquor Licensing Board. In case of death or insolvency of the liquor license holder, his/her executor or administrator or trustee may carry on the business in the licence premises until the expiration of the licence under section 54 of the Dutiable Commodities Ordinance. If the relevant liquor licence holder in each of the Group's restaurants refuses to give consent to a transfer application when a transfer is required, or fails to make an application in respect of his/her illness or temporary absence or makes a cancellation application without consent, or if an application for new issue of a liquor licence is required in case of death or insolvency of the relevant employee, the relevant restaurant may have to cease its sale of liquor for the time being, in which case may adversely affect its business operation.

## LETTER FROM THE BOARD

### *(4) Risks relating to the money lending business*

The money lending business of the Group is exposed to default from the Group's customers, which involves the risk of loss due to the inability or unwillingness of customers to meet their contractual obligations. If the customers of the money lending business of the Group fail to meet their contractual obligations, the Company may incur additional costs to collect the loan principal and corresponding interests. To mitigate this risk, the Board has set up the Credit Committee (which comprises (i) the directors of the subsidiaries of the Company which hold money lending licenses and (ii) the personnel of the finance department of the Group) with relevant experience of this business segment and report to the board of the Company directly. The Credit Committee has full authority to deal with all credit matters. The members of the Credit Committee are appointed by the Board and the quorum of the Credit Committee is at least two committee members. The credit policy of the Group's money lending business is subject to the review and amendments by the Credit Committee and the Board from time to time in line with changes in market environment.

### *(5) Risk relating to the financial services business*

The financial services business of the Group is subject to the performance of the Hong Kong securities market and the performances of the Group's competitors which are beyond its control and the Group cannot assure that our historical level of income can be sustained. In addition, non-compliance with extensive regulatory requirements could cause the Group to incur fines, restriction on financial service activities or even suspension or revocation of some or all of the licences for carrying on the Group's business activities.

Also the Group's brokerage services involved active interactions between its staff and customers and therefore it is subject to human errors, which the Group has to bear the losses resulting therefrom. For placing and underwriting business, the Group is exposed to business risks in case the securities underwritten by the Group are undersubscribed or the placing exercises fail to complete.

### *(6) Major financial risk exposed to the Group*

The Group is exposed to financial risks, including credit, interest rate, liquidity and other price risks. The Group actively and regularly reviews these risks and will adopt measures, if needed, to control and mitigate these risks.

## LETTER FROM THE BOARD

### *(7) Difficulties in recruitment and retention of the Group's employees*

The success of the Group depends upon the Group's ability to attract, retain and motivate a sufficient number of qualified employees, including responsible officers, teachers, restaurant staff, chefs and kitchen staff. Highly service-oriented and qualified individuals are in relatively short supply in Hong Kong and competition for these employees is intense. Any failure to employ and retain enough qualified employees could delay planned new restaurant openings, cause untenable teacher-to-pupil ratio to meet the statutory requirement or result in higher employee turnover, either of which could have a material adverse effect on the Group's business operations. In addition, competition for qualified employees could also require the Group to pay higher wages, which could result in higher labour cost.

### **Risks relating to politics, economics and regulations**

The business operations of the Group are primarily based in Hong Kong. Accordingly, the Group's operations and prospects could be adversely affected by economic, political and legal developments in the Hong Kong. Any changes in the political and economic policies/environments of the Hong Kong (including, but not limited to, government policies, political instability, expropriation, laws, labour activism, war, civil unrest, terrorism, and changes in interest rates, foreign exchange rates, taxation, environmental regulations and import and export duties and restrictions) may adversely affect the Group's business and operations as well as its ability to sustain its expansion strategies and thus future growth.

### **Risks relating to the Share price**

The price and trading volume of the Shares are determined by demand and supply of investors for the Shares in the public market price and may be highly volatile. Factors such as variations in the Group's revenue, earnings and cash flows, changes in or challenges to its business, announcements of new investments, acquisitions or disposals, the depth and liquidity of the market for the Shares, investors' perceptions of the Group and general political, economic, social and market conditions both globally and in the PRC or Hong Kong could cause the market price of the Shares to change substantially.

### **Risks relating to the Rights Issue**

Under the Underwriting Agreement, the Underwriter shall be entitled by notice in writing to the Company to terminate its obligations upon the occurrence of any of the events stated in the section headed "Termination of the Underwriting Agreement" in this prospectus on or before the Latest Time for Termination.

Should the Rights Issue proceed as intended, the interest of the existing Shareholders will be diluted if they do not or cannot, as the case may be, subscribe for the Rights Shares which they are entitled to.

## LETTER FROM THE BOARD

### **Additional Risks**

Additional risks and uncertainties not presently known to the Directors, or not expressed or implied above, or otherwise deemed immaterial by the Directors as at the Latest Practicable Date, may also adversely affect the Group's business in a material aspect.

### **ADDITIONAL INFORMATION**

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

Yours faithfully  
On behalf of the Board  
**China Demeter Financial Investments Limited**  
**Ng Man Chun Paul**  
*Chairman*

**1. SUMMARY OF FINANCIAL INFORMATION OF THE COMPANY**

The audited consolidated financial statements of the Company for the years ended 31 December 2018, 2019 and 2020 and the unaudited consolidated financial statements of the Company for the three months ended 31 March 2021, together with accompanying notes have been published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.chinademeter.com](http://www.chinademeter.com)) as follows:

- (a) Annual report for the year ended 31 December 2020 (pages 122 to 293)  
<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0330/2021033000780.pdf>
- (b) Annual report for the year ended 31 December 2019 (pages 119 to 297)  
<https://www1.hkexnews.hk/listedco/listconews/gem/2020/0330/2020033000896.pdf>
- (c) Annual report for the year ended 31 December 2018 (pages 122 to 325)  
<https://www1.hkexnews.hk/listedco/listconews/gem/2019/0328/gln20190328075.pdf>
- (d) First quarterly report for the three months ended 31 March 2021 (pages 3 to 23)  
<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0513/2021051300865.pdf>

The following is a summary of the audited consolidated financial information of the Group for the years ended 31 December 2018, 2019 and 2020 as extracted from the published annual financial statements of the Group for the relevant years and the unaudited consolidated results of the Group for the three months ended 31 March 2021 as extracted from the first quarterly report of the Company for the three months ended 31 March 2021:

	For the three months ended 31 March		For the year ended 31 December	
	2021	2020	2019	2018
	(unaudited) HK\$'000	(audited) HK\$'000	(audited) HK\$'000	(audited) HK\$'000
Revenue	36,089	138,247	112,144	73,423
Loss before tax	(995)	(27,768)	(105,381)	(40,974)
Income tax expense	(52)	(757)	(132)	(320)
Loss attributable to:				
Owners of the Company	(1,024)	(28,453)	(104,211)	(40,542)
Non-controlling interests	(23)	(72)	(1,302)	(752)
	<u>(1,047)</u>	<u>(28,525)</u>	<u>(105,513)</u>	<u>(41,294)</u>
Total comprehensive expense for the year attributable to:				
Owners of the Company	(677)	(28,784)	(106,690)	(55,819)
Non-controlling interests	(23)	(110)	(1,268)	(1,406)
	<u>(700)</u>	<u>(28,894)</u>	<u>(107,958)</u>	<u>(57,225)</u>
				(Restated)
Loss per share				
Basic (HK\$)	(0.67) cents	(18.59) cents	(68.10) cents	(28.46) cents
Diluted (HK\$)	(0.67) cents	(18.59) cents	(68.10) cents	(28.46) cents
Dividends (HK\$'000)	Nil	Nil	Nil	Nil
Dividends per Share (HK\$)	Nil	Nil	Nil	Nil

No modified opinion, emphasis of matter or material uncertainty related to going concern was contained in the auditor's report of the Company for each of the years ended 31 December 2018, 2019 and 2020. Baker Tilly Hong Kong Limited, the auditors of the Company, did not issue any qualified opinion on the financial statements of the Group for the years ended 31 December 2018, 2019 and 2020. There were no items of income or expense, which are material, recorded in the consolidated financial statements of the Group for each of the years ended 31 December 2018, 2019 and 2020 and for the three months ended 31 March 2021.



## 2. INDEBTEDNESS

As at the close of business on 31 May 2021, being the latest practicable date prior to the printing of this prospectus for the purpose of this statement of indebtedness, the total indebtedness of Group (other than normal trade payables) amounted to approximately HK\$59.9 million, which comprised of unsecured borrowing from an independent third party to the Group of approximately HK\$10 million and lease liabilities in respect of various offices, warehouses and restaurants of approximately HK\$49.9 million.

Saved as aforesaid and apart from intra-group liabilities, as at the close of business on 31 May 2021, the Group did not have any material debt securities issued and outstanding, or 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 and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, or outstanding mortgages or charges, or contingent liabilities or guarantees.

## 3. WORKING CAPITAL STATEMENT

As at the Latest Practicable Date, the Directors were of the opinion that, after taking into account the effect of the Rights issue, the cash flows generated from the operating activities of the Group, and the financial resources available to the Group, including internally generated funds, the existing borrowings and in the absence of unforeseeable circumstances, the Group will have sufficient working capital for its present requirements for at least the next twelve months from the date of this prospectus.

## 4. MATERIAL ADVERSE CHANGE

The Directors confirmed that, save and except as disclosed below, there had been no material adverse change in the financial or trading position or outlook of the Group since 31 December 2020, being the date on which the latest published audited financial statements of the Company were made up, up to and including the Latest Practicable Date.

As stated in the annual report for the year ended 31 December 2020, the onset of the unprecedented and protracted COVID-19 pandemic after the social events in Hong Kong had put unrelenting pressure on the normal operations of the Group in 2020. Despite such business environment, as disclosed in the annual report for the year ended 31 December 2020, the Group had managed to achieve gains in its gross profit due to the revenue growth in its food and beverage business and financial services business, and as a result, the Group's net loss attributable to owners of the Company decreased from approximately HK\$104.2 million for the year ended 31 December 2019 to approximately HK\$28.5 million for the year ended 31 December 2020. Nonetheless, while the Board is cautiously optimistic about the prospect of the Group, in view that the COVID-19 pandemic has not yet come to an end, the Board is of the view that the business and operation of the Group are still subject to uncertainties in the short term.

## 5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

During the year ended 31 December 2020, the COVID-19 outbreak has brought huge challenges on the global and local economy. Further, the duration of various factors including the continued tensions between the United States and China and the COVID-19 pandemic are yet to be resolved and will not come to end within a short period of time. As shown in the first quarterly report of the Company for the three months ended 31 March 2021, the Group recorded revenue of approximately HK\$36.1 million for the three months ended 31 March 2021 as compared with approximately HK\$22.4 million the same period in 2020, representing an increase of approximately 61.4%. The growth in revenue of the Group for the three months ended 31 March 2021 was mainly attributable to the increase in revenue from the Group's food and beverage business segment and financial services business segment. Given that the operating environment is envisaged to remain challenging, the Group will adhere to a flexible and prudent approach in the operations of each business segment.

For the Group's food and beverage business segment, the Group recorded an increase of approximately 69.4% in revenue for the three months ended 31 March 2021 as compared with the same period in 2020, of which revenue from the food and beverage business segment contributed to approximately 85.7% of the Group's total revenue for the three months ended 31 March 2021. When the effects of the COVID-19 pandemic has lessened and the overall pandemic situation is under control, the Group is looking forward to developing the food and beverage business at reasonable pace with factors that are accessed to be favourable. In order to further sharpen the competitiveness from the peers and expand the presence in Hong Kong, the Group will: (1) continue to enhance market penetration of the Group's restaurants and establish restaurants in different shopping malls near residential regions in Hong Kong with different types of cuisines. Of which, the Group expects that Japanese style hotpot restaurants will be one of the main focus in the Group's expansion plans; (2) strengthen the operations for the food and beverage business to provide the necessary efficiency and cost effective advantages; (3) set up a more advanced point-of-sale system to obtain more comprehensive sales reports and other data in order to predict more precisely future trends and develop personal client communication. Such approach can also help the Group to have better management on the operations to enhance development; and (4) refine the sophistication of the customer relationship management (CRM) system of the food and beverage business, so as to help the management to effectively manage and analyse the contacts' information and orders to improve customer relationship for different types of restaurants.

For the financial services business segment, the Group offered brokerage, margin financing and asset management services since 2016. Despite a challenging year, the stocks market in Hong Kong, yet set new trading activity records in 2020, and trading volumes on both Stock Connect reached new highs. Driven by the strong growth momentum in biotech and new economy company fundraisings, Hong Kong Stock Exchange ranked second globally for IPO fundraisings in 2020, raising a total of HK\$400.2 billion, the highest amount since 2010. Buoyed by an inflow of global capital seeking better returns and Chinese funds seeking value, the Hong Kong Stock Exchange reported a strong surge in market turnover to an average of HK\$224.4 billion every day in the first quarter of 2021. For the three months ended 31 March 2021, the revenue from the Group's financial services business segment had increased by over four times as compared with the same period in 2020, and the Group was benefited an increase in interest income and commission from the high demand for margin financing and the higher average trading turnover respectively. Such business model for the financial services business segment was able to provide steady revenue and cash flows to the Group. The pandemic changed the ways of interaction between consumers and service provider, accelerating the rate of digital adoption in financial services markets. During the year ended 31 December 2020, the Group has hosted online seminars and posted online videos to capture viewers' attention. It improved the efficiency of the Group's marketing campaign and the success rate to capture new clients for the financial services business segment. In view of the strong growth momentum in the fundraising and higher average turnover in stock markets, the Group will allocate more capital in the segment to seize the opportunities.

The pandemic has brought many challenges to the Group throughout the year ended 31 December 2020, and it has continued to do so since the end of the reporting year. Nevertheless, it has also offered the chance to demonstrate and consolidate some of the Group's core strengths, and to prepare some aspects of future development. Therefore, leveraging on the solid foundation supported by its existing core businesses, the Group will formulate business strategies according to the market trends and continue to explore new investment opportunities, in an effort to enhance the Group's long term development. In addition, the Group will carefully review the development in all segments, and will allocate more resources to business with sustainable growth potential. The Board believes that the Group's strategic investments and diversified businesses will help to boost performances and consolidate the Group's market position.

6. EVENTS AFTER 31 DECEMBER 2020 BEING THE DATE ON WHICH THE LATEST PUBLISHED AUDITED CONSOLIDATED ACCOUNTS OF THE GROUP WERE MADE UP

- (1) As disclosed in the announcement of the Company dated 14 April 2021, Global Promise Limited, an indirect wholly-owned subsidiary of the Company, accepted and entered into an offer letter with Sun Hung Kai Real Estate (Sales and Leasing) Agency Limited (as agent for the landlord, SHK Sheung Shui Landmark Investment Limited) in respect of a lease (“**New Lease**”) of Shop No. 513 on Level 5 of Landmark North, No. 39 Lung Sum Avenue, Shek Wu Hui, Sheung Shui, New Territories for a term of three years commencing on 8 August 2021 and ending on 7 August 2024 (both days inclusive) with the tenant’s option to renew for a further term of three years subject to the terms of the New Lease, with a total aggregated value of consideration payment of HK\$4,343,580 in aggregate (exclusive of service and management charges, rates and promotion levy) during the term, subject to additional turnover rent, for operation of one of the Group’s restaurants. The value of the right-of-use assets recognised by the Company under the New Lease is amounted to approximately HK\$3.9 million in accordance with HKFRS 16 Leases. Each of the landlord and its agent and their respective ultimate beneficial owners and their respective concert parties is an Independent Third Party and not a Shareholder.
- (2) As disclosed in the announcement of the Company dated 14 April 2021, Town Ally Investment Company Limited, an indirect wholly-owned subsidiary of the Company, disposed of an aggregate 1,255,000 shares of Eternity Technology Holdings Limited (恒達科技控股有限公司) (“**Target Company**”), a company the shares of which are listed on Main Board of the Stock Exchange (stock code: 1725), representing an approximately 0.42% of the issued share capital of the Target Company as at the date of the announcement), to Kuk Po Shun, an individual, by way of an off-market block trade at an aggregate consideration of HK\$3,514,000. Kuk Po Shun and his respective concert parties is an Independent Third Party and not a Shareholder.
- (3) As disclosed in the announcement of the Company dated 3 June 2021, Global Force Enterprises Limited, an indirect wholly-owned subsidiary of the Company, accepted and entered into a renewal offer to lease letter with Henderson Leasing Agency Limited (as agent for the landlord, Millap Limited, Evercot Enterprise Company, Limited, Egeria Investment Limited, Shung King Development Company Limited, Join Fortune Development Limited) in respect of a renewal of lease (“**Renewal of Tenancy**”) of Shops Nos. 2060-2062 on Level 2 of Metro City Phase II, erected on Tseung Kwan O Town Lot No. 27, New Territories for a term of three years commencing on 16 July 2021 and ending on 15 July 2024 (both days inclusive), with a total aggregated value of consideration payment of HK\$7,380,000 in aggregate (exclusive of management charges, rates and promotion levy) during the term, subject to additional turnover rent, for operation of one of the Group’s restaurants. The value of the right-of-use assets recognised by the Company under the Renewal of Tenancy is amounted to approximately HK\$6.74 million in accordance with HKFRS 16 Leases. Each of the landlord and its agent and their respective ultimate beneficial owners and their respective concert parties is an Independent Third Party and not a Shareholder.

*The information set out in this Appendix does not form part of the Accountants' Report issued by Baker Tilly Hong Kong Limited, the Company's reporting accountants, and is included herein for information only. The unaudited pro forma financial information should be read in conjunction with "Financial information of the Group" set out in Appendix I.*

**(A) UNAUDITED PRO FORMA FINANCIAL INFORMATION 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 the owners of the Company ("**Unaudited Pro Forma Financial Information**") has been prepared by the Directors in accordance with paragraph 7.31 of the GEM Listing Rules to illustrate the effect of the Rights Issue on the audited consolidated net tangible assets of the Group attributable to owners of the Company as if the Rights Issue had taken place on 31 December 2020.

The Unaudited Pro Forma Financial Information is prepared based on the audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2020, as extracted from the published annual report of the Group for the year ended 31 December 2020, and is adjusted for the effect of the Rights Issue had taken place on 31 December 2020.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2020 or at any future dates immediately after completion of the Rights Issue.

	Audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2020 <i>HK\$'000</i> <i>(Note 1)</i>	Estimated net proceeds from the Rights Issue <i>HK\$'000</i> <i>(Note 2)</i>	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company immediately after the completion of the Rights Issue as at 31 December 2020 <i>HK\$'000</i> <i>(Note 3)</i>
Based on 459,088,545 Rights Shares to be issued at the subscription price of HK\$0.10 each	<u>91,033</u>	<u>43,509</u>	<u>134,542</u>
			<i>HK\$</i>
Audited consolidated net tangible assets of the Group per Share attributable to the owners of the Company as at 31 December 2020 before the completion of the Rights Issue <i>(Note 4)</i>			<u>0.59</u>
Unaudited pro forma adjusted consolidated net tangible assets of the Group per Share attributable to the owners of the Company immediately after completion of the Rights Issue <i>(Note 5)</i> Based on 459,088,545 Rights Shares to be issued			<u>0.22</u>

*Notes:*

1. It represents the audited consolidated net assets of the Group attributable to owners of the Company of approximately HK\$108,766,000 less audited intangible assets of approximately HK\$500,000 and audited goodwill of approximately HK\$17,233,000 as at 31 December 2020, which are extracted from the published audited consolidated statement of financial position of the Group as at 31 December 2020.
2. The estimated net proceeds from the Rights Issue of approximately HK\$43,509,000 are based on 459,088,545 Rights Shares to be issued, based on the number of 153,029,515 Shares in issue as at the Record Date, after deduction of the estimated related expenses of approximately HK\$2,400,000.
3. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after the completion of the Rights Issue represents the audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2020 plus the estimated net proceeds the Rights Issue as set out in Note 2 above.
4. The calculation of the audited consolidated net tangible assets of the Group per Share attributable to the owners of the Company as at 31 December 2020 before the completion of the Rights Issue is based on the audited consolidated net tangible assets of HK\$91,033,000 as set out in Note 1 above divided by 153,029,515 Shares as at 31 December 2020.
5. Unaudited pro forma adjusted consolidated net tangible assets of the Group per Share attributable to the owners of the Company as at 31 December 2020 immediately after completion of the Rights Issue is determined based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after completion of the Rights Issue of approximately HK\$134,542,000 set out in Note 3 above, divided by 612,118,060 Shares which represent:
  - (i) 153,029,515 Shares in issue as at 31 December 2020; and
  - (ii) 459,088,545 Rights Shares to be issued, based on the number of 153,029,515 Shares in issue as at the Record Date.
6. No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2020.

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

The following is the text of a report received from the reporting accountants, Baker Tilly Hong Kong Limited, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose in this prospectus.

**Independent Reporting Accountants' Assurance Report on the Compilation of  
Unaudited Pro Forma Financial Information**

To the Directors of China Demeter Financial Investments Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of China Demeter Financial Investments Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 31 December 2020 as set out on pages II-1 to II-3 of the prospectus issued by the Company dated 6 July 2021 (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-3 of the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed Rights Issue (the "**Proposed Transactions**") on the Group's consolidated net tangible assets as at 31 December 2020 as if the Proposed Transactions had taken place at 31 December 2020. As part of this process, information about the Group's net tangible assets has been extracted by the Directors from the Group's audited consolidated financial statements for the year ended 31 December 2020, on which the annual report 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 7.31 of the Rules Governing the Listing of Securities on GEM of 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 (the "**HKICPA**").



**Our Independence and Quality Control**

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

Our firm applies Hong Kong Standard on Quality Control 1 “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 7.31(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 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Circular” 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 7.31 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 a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2020 would have been as presented.

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

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

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

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

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

**Opinion**

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled 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 7.31(1) of the GEM Listing Rules.

**Baker Tilly Hong Kong Limited**

*Certified Public Accountants*

Hong Kong, 6 July 2021

**Tong Wai Hang**

*Practising certificate number P06231*

## 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 regards to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

## 2. SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately following the allotment and issue of the Rights Shares (assuming no further issue of new Share(s) and no repurchase of Share(s) on or before the completion of the Rights Issue) will be as follows:

### (1) As at the Latest Practicable Date

<i>Authorised:</i>		<i>HK\$</i>
<u>100,000,000,000</u>	Shares of HK\$0.01 each	<u>1,000,000,000</u>
<i>Issued and paid-up share capital:</i>		
<u>153,029,515</u>	Shares of HK\$0.01 each	<u>1,530,295</u>

**(2) Immediately following the allotment and issue of the Rights Shares (assuming no further issue of new Share(s) and no repurchase of Share(s) on or before the completion of the Rights Issue)**

<i>Authorised:</i>		<i>HK\$</i>
<u>100,000,000,000</u>	Shares of HK\$0.01 each	<u>1,000,000,000</u>
 <i>Issued and paid-up share capital:</i>		
153,029,515	Shares of HK\$0.01 each in issue as at the Latest Practicable Date	1,530,295
459,088,545	Rights Shares to be allotted and issued upon completion of the Rights Issue	4,590,886
<u>612,118,060</u>	Shares of HK\$0.01 each	<u>6,121,181</u>

All the Shares in issue rank pari passu in all respects with each other including rights to dividends, voting and return of capital. The Rights Shares, when allotted, issued and fully paid, will rank pari passu with each other and the then existing Shares in issue in all respects including rights to dividends, voting and return of capital.

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

The Company had not issued any Shares since 31 December 2020, being the end of the last financial year of the Company, and up to the Latest Practicable Date.

As at the Latest Practicable Date, the Company had outstanding Existing Share Options entitling the holders thereof to subscribe for a total number of 15,300,000 Shares at an exercise price of HK\$0.2392 per Share and exercisable from 12 October 2020 to 11 October 2021 (both days inclusive), of which (a) 1,530,000 share options were granted to Mr. Ng Man Chun Paul, executive Director; (b) 1,530,000 share options were granted to Mr. Ng Ting Ho, executive Director; and (c) remaining 12,240,000 share options were granted to two directors of subsidiaries of the Company and six employees of the Group.

Adjustments to the exercise prices of the Existing Share Options and/or the number of Shares to be allotted and issued upon exercise of the Existing Share Options will be made in accordance with the rules of the share option scheme of the Company and the GEM Listing Rules as a result of the Rights Issue. Holders of the Existing Share Options will be notified about the adjustments to the Existing Share Options after completion of the Rights Issue.

As at the Latest Practicable Date, other than the above outstanding Existing Share Options carrying, the Company had no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

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) Directors and chief executive of the Company

As at the Latest Practicable Date, the interests and 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) which (i) 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) were recorded in the register required to be kept under section 352 of the SFO, or (iii) were otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) were as follows:

#### *Long position*

Name of Director	Capacity	Number of Shares	Number of underlying Shares	Approximate percentage of interest (Note 1)
Mr. Ng Man Chun Paul (Note 2)	Beneficial Owner	3,845,000	1,530,000	0.88%
Mr. Ng Ting Ho (Note 3)	Beneficial Owner	3,845,000	1,530,000	0.88%

*Notes:*

1. The percentage of interest in the Company was calculated by reference to the number of Shares in issue as at the completion of the Rights Issue, that is 612,118,060.
2. Mr. Ng Man Chun Paul is the chairman of the Board and an executive Director. Mr. Ng Man Chun Paul owns 961,250 Shares and is the holder of 1,530,000 Existing Share Options. Pursuant to the Irrevocable Undertakings, Mr. Ng Man Chun Paul has undertaken to accept and pay for all the 2,883,750 Rights Shares to be provisionally allotted to him under the Rights Issue pursuant to the terms and conditions of the Prospectus Documents.
3. Mr. Ng Ting Ho is the chief executive officer of the Company and an executive Director. Mr. Ng Ting Ho owns 961,250 Shares and is the holder of 1,530,000 Existing Share Options. Pursuant to the Irrevocable Undertakings, Mr. Ng Ting Ho has undertaken to accept and pay for all the 2,883,750 Rights Shares to be provisionally allotted to him under the Rights Issue pursuant to the terms and conditions of the Prospectus Documents.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of the Part XV of the SFO (including interests and/or short positions which he was taken or deemed to have under such provisions of the SFO), or (ii) were recorded in the register required to be kept under section 352 of the SFO, or (iii) were otherwise notified to the Company and the Stock Exchange pursuant to the Model Code or the Takeovers Code.

**(b) Substantial Shareholder(s) and other person(s)' interests in Shares and underlying Shares**

As at the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, the following person(s) (not being Directors and chief executive of the Company) had an interest or short position in the Shares and underlying Shares of the Company as recorded in the register required to be kept under section 336 of the SFO which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

*Long position*

Name	Capacity	Number of Shares	Approximate percentage of interest (Note 1)
Ng Ting Kit (Note 2)	Beneficial owner	103,700,000	78.29%
	Interest in a controlled corporation	375,546,045	
The Underwriter (Note 3)	Underwriter	375,546,045	61.35%

*Notes:*

1. The percentage of interest in the Company was calculated by reference to the number of Shares in issue as at the completion of the Rights Issue, that is 612,118,060.
2. These interests comprise of (a) 25,925,000 Shares held by Mr. Ng Ting Kit; (b) the 77,775,000 Rights Shares to be provisionally allotted to Mr. Ng Ting Kit under the Rights Issue pursuant to the terms and conditions of the Prospectus Documents in which he has undertaken to accept and pay for pursuant to the Irrevocable Undertakings; and (c) the interests held by Trinity Worldwide Capital Holding Limited, the Underwriter. The Underwriter is wholly-owned by Mr. Ng Ting Kit.
3. The Underwriter is wholly-owned by Mr. Ng Ting Kit.

Save as disclosed above, the Directors and chief executive of the Company are not aware, as at the Latest Practicable Date, of any person (who are not Directors and chief executive of the Company) who had an interest or short position in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the issued voting shares of any other member of the Group.

#### **4. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS**

As at the Latest Practicable Date, none of the Directors or any proposed Directors had any interest, direct or indirect, in any assets which had been, since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group. Nevertheless, the Company entered into the Underwriting Agreement with the Underwriter, a company wholly-owned by Mr. Ng Ting Kit, a substantial Shareholder, who is a cousin of Mr. Ng Man Chun Paul and the brother of Mr. Ng Ting Ho, each an executive Director. Even though each of Mr. Ng Man Chun Paul and Mr. Ng Ting Ho did not have a material interests in the transactions contemplated under the Underwriting Agreement, each of Mr. Ng Man Chun Paul and Mr. Ng Ting Ho had abstained from voting on the Board resolutions which approved the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder and the Whitewash Waiver.



**5. DIRECTORS' INTERESTS IN COMPETING BUSINESS**

As at the Latest Practicable Date, none of the Directors 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.

**6. DIRECTORS' SERVICE CONTRACTS**

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

**7. LITIGATION**

So far as is known to the Directors, no member of the Group was involved in any litigation or claims of material importance and no litigation or claims of material importance was pending or threatened against any member of the Group as at the Latest Practicable Date.

**8. EXPERT AND CONSENT**

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

<b>Name</b>	<b>Qualifications</b>
Baker Tilly Hong Kong Limited	Certified Public Accountants

As at the Latest Practicable Date:

- (1) the above expert has given and has not withdrawn its written consent to the issue of this prospectus with copies of its letter and/or reports and the references to its name included in this prospectus in the forms and contexts in which they are respectively included;

- (2) the above expert has confirmed that it did not have any shareholding interest 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; and
- (3) the above expert has confirmed that it was not interested, directly or indirectly, in any assets which have been 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 since 31 December 2020, being the date to which the latest published audited accounts of the Company were made up.

## 9. MATERIAL CONTRACTS

Save for the contracts set out below, no contract (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) had been entered into by members of the Group within the two years immediately preceding the date of the Announcement and up to the Latest Practicable Date which are or may be material:

- (1) the loan extension agreement dated 23 May 2019 entered into between Delight Sky Finance Limited, a wholly-owned subsidiary of the Company, as lender, and the borrower in relation to the extension of the term of outstanding principal amount of HK\$12,500,000 under a previous loan to 25 May 2020 which bears interest at a rate of 14% per annum (default rate at 14% per annum). Please refer to the Company's announcement dated 23 May 2019 for details;
- (2) the placing agreement dated 3 June 2019 entered into between the Company and Yellow River Securities Limited, as placing agent, pursuant to which the Company has conditionally agreed to place through Yellow River Securities Limited, on a best endeavour basis, up to 30,600,000 new Shares, to not less than six places who and whose ultimate beneficial owner are Independent Third Parties at a price of HK\$0.22 per placing Share. As the condition under such placing agreement was not fulfilled on or before 24 June 2019, being the long stop date of such placing agreement, such placing agreement has lapsed and the placing did not proceed. Please refer to the Company's announcements dated 3 June 2019 and 24 June 2019 for details;
- (3) the sale and purchase agreement dated 22 April 2020 entered into between the Company, as vendor, and Yang Kaijun (楊鎧駿), as purchaser, pursuant to which the purchaser agreed to purchase, and the Company agreed to sell, (i) 90% of the issued shares of Tony China Limited and 100% of the issued shares of East Shine Group Limited, and (ii) the sale loan, representing all the shareholder's loan owing by Tony China Limited to the Company as at completion, at an aggregate consideration of HK\$1,152,000. Please refer to the Company's announcement dated 22 April 2020 for details;

- (4) the preliminary lease agreement dated 30 September 2020 entered into between Zhejiang Fuchuen Company Limited, as landlord, and Delight Sky Finance Limited, a wholly-owned subsidiary of the Company, as tenant, in relation to the lease of Office A01 on 35th Floor, United Centre, No. 95 Queensway, Hong Kong from 1 November 2020 to 31 October 2022 (both days inclusive) in total aggregated value of consideration of HK\$3,228,324. Please refer to the Company's announcement dated 30 September 2020 for details;
- (5) the Placing Agreement and the Supplemental Placing Agreement; and
- (6) the Underwriting Agreement and the Supplemental Underwriting Agreement.

## 10. EXPENSES

The expenses payable by the Company in connection with the Rights Issue, including printing, registration, translation, legal, financial advisory, accounting and other professional fees, are estimated to be approximately HK\$2.4 million.

## 11. CORPORATE INFORMATION AND PARTIES TO THE RIGHTS ISSUE

<b>Registered office</b>	Clarendon House 2 Church Street Hamilton HM 11 Bermuda
<b>Head office and principal place of business in Hong Kong</b>	Office A01, 35/F, United Centre No. 95 Queensway Admiralty, Hong Kong
<b>Principal share registrar and transfer office</b>	Conyers Corporate Services (Bermuda) Limited Clarendon House 2 Church Street Hamilton HM 11 Bermuda
<b>Hong Kong branch share registrar and transfer office</b>	Tricor Tengis Limited Level 54, Hopewell Centre 183 Queen's Road East Hong Kong
<b>Company secretary</b>	Ms. Chan Lai Ping, CPA
<b>Authorised representatives</b>	Mr. Ng Ting Ho Ms. Chan Lai Ping

<b>Principal bankers</b>	Bank of Communications Co., Ltd. Commercial Banking Division 10/F, No. 77 Gloucester Road, WanChai Hong Kong
	The Hongkong and Shanghai Banking Corporation Limited Des Voeux Road Central Branch China Insurance Group Building 141 Des Voeux Road Central, Sheung Wan Hong Kong
	Hang Seng Bank 83 Des Voeux Road Central Hong Kong
<b>Auditors and reporting accountants</b>	Baker Tilly Hong Kong Limited <i>Certified Public Accountants</i> 2nd Floor, 625 King's Road North Point Hong Kong
<b>Legal adviser to the Company as to Hong Kong laws</b>	LCH Lawyers LLP Room 702, 7/F Admiralty Centre Tower One 18 Harcourt Road Admiralty Hong Kong
<b>Placing Agent</b>	Kingkey Securities Group Limited 44/F Convention Plaza Office Tower 1 Harbour Road Wan Chai Hong Kong
<b>The Underwriter</b>	Trinity Worldwide Capital Holding Limited Quastisky Building PO Box 4389 Road Town Tortola British Virgin Islands

**Director of the Underwriter** Mr. Ng Ting Kit  
*Correspondence address:*  
 Room 211, 2/F  
 Hewlett Centre  
 54 Hoi Yuen Road  
 Kwun Tong  
 Hong Kong

**Ultimate controlling shareholder of the Underwriter** Mr. Ng Ting Kit

## 12. DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

<b>Name</b>	<b>Correspondence address</b>
<b>Executive Directors</b>	
Mr. Ng Man Chun Paul <i>(Chairman)</i>	Office A01, 35/F, United Centre No. 95 Queensway Admiralty, Hong Kong
Mr. Ng Ting Ho <i>(Chief Executive Officer)</i>	Office A01, 35/F, United Centre No. 95 Queensway Admiralty, Hong Kong
Mr. Lam Chun Kei	Office A01, 35/F, United Centre No. 95 Queensway Admiralty, Hong Kong
<b>Independent non-executive Directors</b>	
Mr. Chan Hin Hang	Office A01, 35/F, United Centre No. 95 Queensway Admiralty, Hong Kong
Mr. Yum Edward Liang Hsien	Office A01, 35/F, United Centre No. 95 Queensway Admiralty, Hong Kong
Mr. Hung Kenneth	Office A01, 35/F, United Centre No. 95 Queensway Admiralty, Hong Kong

**Senior management**

Ms. Chan Lai Ping	Office A01, 35/F, United Centre No. 95 Queensway Admiralty, Hong Kong
Mr. Lai Ho Bun	Office A01, 35/F, United Centre No. 95 Queensway Admiralty, Hong Kong
Mr. Lam Ka Hang	Office A01, 35/F, United Centre No. 95 Queensway Admiralty, Hong Kong
Mr. Chan Chi Fung	Office A01, 35/F, United Centre No. 95 Queensway Admiralty, Hong Kong

**Executive Directors**

**Mr. Ng Man Chun Paul**, aged 49, was appointed as an executive Director with effect from 15 November 2016. He has been appointed as the Chairman of the Board, with effect from 14 June 2019. Mr. Ng was also the chief executive of the Company from 15 November 2016 to 1 December 2020. Mr. Ng obtained a Bachelor of Science from Columbia University, New York, the United States of America in May 1993. Prior to joining the Group, he has worked in various international investment banks and securities firms and is experienced in the area of finance and investments. Mr. Ng is (i) a cousin of Mr. Ng Ting Ho, an executive Director; and (ii) a cousin of Mr. Ng Ting Kit, a substantial shareholder of the Company.

**Mr. Lam Chun Kei**, aged 46, was appointed as an executive Director with effect from 20 February 2014. He is also a director of the subsidiaries of the Company. Mr. Lam holds a Bachelor Degree in Accountancy from the City University of Hong Kong. He is a member of the Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. Mr. Lam has over 20 years of experience in accounting, auditing and financial management and previously worked in an international accounting firm and listed groups.

**Mr. Ng Ting Ho**, aged 36, was redesignated from a non-executive Director to an executive Director with effect from 3 July 2018. He has been appointed as the chief executive officer of the Company with effect from 1 December 2020. He is experienced in banking and finance, and previously worked in various banks and financial institutions. He is also a director of the subsidiaries of the Company. Mr. Ng obtained his Bachelor of Commerce in Finance and Financial Economics Degree from the University of New South Wales in 2008. Thereafter, Mr. Ng further completed his Master of Science in Financial Mathematics Degree from the Cass Business School of the City University in London in 2014. Mr. Ng is (i) a cousin of Mr. Ng Man Chun Paul, an executive Director; and (ii) the younger brother of Mr. Ng Ting Kit, a substantial shareholder of the Company.

**Independent non-executive Directors**

**Mr. Chan Hin Hang**, aged 34, was appointed as an independent non-executive Director with effect from 13 November 2017. He is also the chairman of the remuneration committee and the audit committee, and a member of the nomination committee of the Company. Mr. Chan has over 8 years of accounting experience. He worked at Deloitte Touche Tohmatsu from September 2010 to June 2015 and is a member of CPA Australia. He obtained a Bachelor Degree in Business (Banking and Finance) from the Queensland University of Technology in 2009. Mr. Chan was an independent non-executive director of Millennium Pacific Group Holdings Limited (stock code: 8147) which is listed on GEM of the Stock Exchange from July 2017 to July 2018. He was appointed as an independent non-executive director of Huisheng International Holdings Limited (Stock Code: 1340) on 22 March 2019, a company listed on Main Board of the Stock Exchange. On 9 January 2020, he was appointed as the company secretary of Sau San Tong Holdings Limited (Stock Code: 8200), a company listed on GEM of the Stock Exchange.

**Mr. Yum Edward Liang Hsien**, aged 42, was appointed as an independent non-executive Director with effect from 13 November 2017. He is also the chairman of the nomination committee of the Company and a member of the audit committee and the remuneration committee. Mr. Yum has more than 10 years of management experience in the corporate and financial industry. He has served as a director in several financial institutions from 2008 to present. Currently, he serves as a managing director of Ayasa Globo Financial Services Limited (a subsidiary of Prosperous Future Holdings Limited (Stock code:1259)), principally engaged in providing financial services, as a director of Greenpro Trust Limited, a company principally engaged in providing a full range of trust services, as a director of 3R Consulting Limited, a company principally engaged in providing events services, and as a director of Global Compliance Consulting Limited, a company principally engaged in management consulting. Mr. Yum graduated with a Bachelor of Science in Finance degree from the University of Illinois at Urbana-Champaign in 2001.

**Mr. Hung Kenneth**, aged 50, was appointed as an independent non-executive Director with effect from 27 October 2014 and is a member of the audit committee, nomination committee and remuneration committee. He holds a degree of Bachelor of Science awarded by Woodbury University in June 1995. Mr. Hung has extensive experience in the entertainment industry. From March 2008 to September 2010, Mr. Hung was the China business development director for Golden Sun Films Distribution Ltd. From October 2010 to June 2012, Mr. Hung was the chief operation officer for Top Action Culture Development Co. Ltd. From July 2012 to October 2013, Mr. Hung was the business development director for Star Alliance Movies (Beijing) Co., Ltd. Mr. Hung was the chairman of Sino Vision Worldwide Holdings Limited (Stock Code: 8086) ("**Sino Vision**") from September 2016 to May 2017 and an executive director of Sino Vision from May 2017 to November 2017. Mr. Hung was

an executive director of Hang Tai Yue Group Holdings Limited (Stock Code: 8081) from February 2014 to August 2018, was an independent non-executive director of M-Resources Group Limited (Stock Code: 8186) from March 2015 to April 2019, and has been appointed as an executive director of Smart City Development Holdings Limited (Stock Code: 8268) on 29 July 2019, all of which are companies listed on GEM of the Stock Exchange.

### Senior management

**Ms. Chan Lai Ping**, the company secretary of the Company, joined the Group since August 2014. Ms. Chan holds a degree of Bachelor of Business Administration (Honours) in Accounting from Lingnan University in Hong Kong. She is a member of the Hong Kong Institute of Certified Public Accountants. Ms. Chan has over ten years of experience in accounting, auditing and financial management and previously worked in international accounting firms before joining the Company.

**Mr. Lai Ho Bun**, the chief operations officer (COO) and director of Star Kitchen Catering Group (HK) Limited, a wholly-owned subsidiary of the Company, joined the Group since October 2019. He has over 30 years of experience in the food and beverage industry and has worked as a management in a number of food and beverage companies. He has expertise in operation, management of food and beverage business. He is responsible for managing day to day operation and management of food and beverage business.

**Mr. Lam Ka Hang**, the managing director of China Demeter Securities Limited, a wholly-owned subsidiary of the Company, joined the Group since September 2016. He is responsible for overall business development, operations and management of China Demeter Securities Limited. He has over 20 years of experience in securities and futures businesses, and has worked in a number of securities firms. He has expertise in brokerage operations, sales management and market operations of securities and futures businesses. He is the Committee Member of Hong Kong Securities Professionals Association and Life Honorary President of Hong Kong Institute of Financial Analysts and Professional Commentators Limited. He is a responsible officer recognised by the SFC for engaging in the Type 1 (dealing in securities), Type 4 (Advising on securities) and Type 9 (Asset Management) regulated activities. He was also a responsible officer recognised by SFC for engaging in the Type 2 (dealing in futures contracts) regulated activities from 2006 to 2015.

**Mr. Chan Chi Fung**, the vice president and a director of China Demeter Securities Limited, a wholly-owned subsidiary of the Company, joined the Group since October 2016. He has approximately 17 years of experiences in financial market. He is responsible for managing day to day trading operation. He worked in Win Fung Securities Limited from December 2013 to October 2016 and his last position with Win Fung Securities Limited was a director and was responsible for managing day to day trading operation. He is also a responsible officer recognised by the SFC for engaging in the Type 1 (dealing in securities), Type 4 (Advising on securities) and Type 9 (Asset Management) regulated activities.



**13. GENERAL**

- (1) The English text of this prospectus shall prevail over the Chinese text in case of inconsistency.
- (2) The company secretary of the Company is Ms. Chan Lai Ping, who is a member of the Hong Kong Institute of Certified Public Accountants.
- (3) The compliance officer of the Company is Mr. Ng Ting Ho.
- (4) The audit committee of the Board was established with written terms of reference were adopted in compliance with the GEM Listing Rules. The main functions of the audit committee is to recommend to the Board on the appointment, reappointment and removal of the external auditors; to approve the remuneration and terms of engagement of the external auditors as well as any questions of resignation or dismissal of such auditors; to review the quarterly, interim and annual reports and accounts of the Group; and to oversee the Company's financial reporting, risk management and internal control procedures. The audit committee consists of three independent non-executive Directors, namely, Mr. Chan Hin Hang (chairman of the committee), Mr. Yum Edward Liang Hsien and Mr. Hung Kenneth.
- (5) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (6) The principal place of business of the Company in Hong Kong is at Office A01, 35/F, United Centre, No. 95 Queensway, Admiralty, Hong Kong.
- (7) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Tengis Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (8) As at the Latest Practicable Date, save for the foreign exchange control in the PRC and payment of the relevant tax incidental to the remittance of profit or repatriation of capital, to the best knowledge of the Directors, there was no other restriction affecting the remittance of profits or repatriation of capital into Hong Kong from outside of Hong Kong. Save and except for United States dollars, Renminbi and Singapore dollars, the Group has no exposure to foreign exchange liabilities.

**14. LEGAL EFFECT**

The Prospectus Documents and all acceptance of any offer or application contained in such documents are governed by and shall be construed in accordance with the Laws of Hong Kong. Where an application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions, other than the penal provisions, of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

**15. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

A copy of each of the Prospectus Documents and the written consent referred to in the paragraph headed "Expert and consent" in this appendix have been delivered to the Registrar of Companies of Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

**16. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the head office and principal place of business of the Company in Hong Kong at Office A01, 35/F, United Centre, No. 95 Queensway, Admiralty, Hong Kong during normal business hours (except Saturdays and public holidays) from 10:00 a.m. to 1:00 p.m. and from 2:00 p.m. to 5:00 p.m. for the period of 14 days from the date of this prospectus.

- (1) the memorandum of continuance and the bye-laws of the Company;
- (2) the annual reports of the Company for each of the years ended 31 December 2018, 2019 and 2020 and the first quarterly report for the three months ended 31 March 2021;
- (3) the report from Baker Tilly Hong Kong Limited on the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this prospectus;
- (4) the written consent referred to in the paragraph headed "Expert and consent" in this prospectus;
- (5) the material contracts referred to in the paragraph headed "Material contracts" in this appendix;
- (6) the Placing Agreement and the Supplemental Placing Agreements;
- (7) the Underwriting Agreement and the Supplemental Underwriting Agreements;
- (8) the Irrevocable Undertakings;
- (9) the Circular; and
- (10) this prospectus.