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## THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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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, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares in China Environmental Energy Investment Limited, you should at once hand the Prospectus Documents, to the purchaser(s) or the transferee(s) or to the bank manager, 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 transferee(s). The Prospectus Documents should not, however, be distributed, forwarded or transmitted to, into or from any jurisdiction where to do so might constitute a violation of the relevant local securities laws or regulations.

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

A copy of each of the Prospectus Documents, together with the other document(s) specified in the paragraph headed "17. Documents delivered to the Registrar of Companies" in Appendix III to this Prospectus, have been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The Registrar of Companies in Hong Kong, the Stock Exchange of Hong Kong Limited and the Securities and Futures Commission of Hong Kong take no responsibility as to the contents of any of the Prospectus Documents or any other document(s) referred to above.

You should read the whole of the Prospectus Documents including the discussions of certain risks and other factors as set out in the section headed "Warning of the Risks of Dealing in the Shares and nil-paid Rights Shares" in the "Letter from the Board" of this Prospectus.

**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.**

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### China Environmental Energy Investment Limited

中國環保能源投資有限公司\*

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 986)**

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

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

**The Rights Issue is on a non-underwritten basis.** Pursuant to the Company's constitutional document, Companies Law, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Listing Rules, there is no requirement for a minimum level of subscription in the Rights Issue. The Rights Issue is subject to fulfillment or (where applicable) waiver of the conditions of the Rights Issue as set out in the section headed "Conditions of the Rights Issue" in the "Letter from the Board" of this Prospectus at or prior to the latest time for the Rights Issue to become unconditional (which is currently expected to be 4:00 p.m. on Thursday, 16 September 2021). The conditions include non-occurrence of force majeure events.

If the conditions of the Rights Issue are not fulfilled or (where applicable) waived on or prior to the latest time for the Rights Issue to become unconditional, the Rights Issue will not proceed. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders or transferees of nil-paid Rights Shares will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Dealings in the Shares have been on an ex-rights basis from Monday, 9 August 2021. Dealings in the Rights Shares in their nil-paid form will take place from Friday, 20 August 2021 to Friday, 27 August 2021 (both dates inclusive).

**Any Shareholders or other persons contemplating selling or purchasing Shares and/or Rights Shares in their nil-paid form up to the latest time when the conditions of the Rights Issue are fulfilled or (where applicable) waived (which is expected to be 4:00 p.m. on Thursday, 16 September 2021) will accordingly bear the risk that the Rights Issue may not become unconditional and may not proceed.**

**Shareholders and potential investors should therefore exercise caution when dealing in the Shares and/or the nil-paid Rights Shares, and if they are in any doubt about their position, they are recommended to consult their professional advisers.**

The latest time for acceptance and payment for the Rights Shares is 4:00 p.m. on Wednesday, 1 September 2021. The procedures for acceptance and transfer of the Rights Shares are set out in the section headed "Procedures for acceptance and payment or transfer" in the "Letter from the Board" of this Prospectus.

18 August 2021

\* For identification purposes only

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## DEFINITIONS

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

“Announcements”	the announcements of the Company dated 16 June 2021 and 9 July 2021 in relation to, among other matters, the Rights Issue
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday and Sunday and any day on which “extreme conditions” caused by super typhoons is announced by the Government of Hong Kong or 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 16 July 2021 in relation to, among other things, the Rights Issue
“Company”	China Environmental Energy Investment Limited (stock code: 986), a company incorporated in Bermuda whose shares are listed on the Stock Exchange
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong
“Compensatory Arrangements”	placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by the Placing Agent on a best effort basis pursuant to the Placing Agreement in accordance with Rule 7.19(5)(b) of the Listing Rules
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules

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## DEFINITIONS

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“COVID-19”	novel coronavirus (COVID-19), a coronavirus identified as the cause of an outbreak of respiratory illness
“Director(s)”	the director(s) of the Company
“ES Unsold Rights Share(s)”	the Rights Share(s) which would otherwise has/have been provisionally allotted to the Excluded Shareholder(s) in nil-paid form that has/have not been sold by the Company
“Excluded Shareholder(s)”	those Overseas Shareholder(s) located in Canada whom the Directors, based on legal advice provided by legal advisers in the relevant jurisdictions, 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
“Group”	collectively, the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) who is(are) third party(ies) independent of the Company and connected persons of the Company
“Intermediary”	in relation to a beneficial owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, means the beneficial owner’s broker, custodian, nominee or other relevant person who is a CCASS participant or who has deposited the beneficial owner’s shares with a CCASS participant
“Last Trading Day”	16 June 2021, being the last trading day of the Shares on the Stock Exchange immediately prior to the publishing of the Announcements
“Latest Placing Date”	16 September 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 ES Unsold Rights Shares

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## DEFINITIONS

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“Latest Placing Time”	6:00 p.m. on the Latest Placing Date
“Latest Practicable Date”	11 August 2021, being the latest practicable date before the printing of this Prospectus for the purpose of ascertaining certain information contained herein
“Latest Time for Acceptance”	4:00 p.m. on Wednesday, 1 September 2021, being the latest time for acceptance of the offer of and payment for the Rights Shares
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	17 September 2021 or such later date as may be agreed between the Placing Agent and the Company in writing
“Net Gain”	any premiums paid by the placees over the Subscription Price for the Unsubscribed Rights Shares and the ES Unsold Rights Shares placed by the Placing Agent under the Compensatory Arrangements
“No Action Shareholders”	Qualifying Shareholders who do not subscribe for the Rights Shares (whether partially or fully) under the PALs or their renounees, or such persons who hold any nil-paid rights at the time such nil-paid rights are lapsed
“Optionholder’s Undertaking(s)”	the undertaking (s) executed on 16 June 2021 by the holders of the Share Options, whereby each of such Share Option holders irrevocably undertake, represent and warrant to the Company that he/she will not exercise such Share Options held by him/her for the period from the date of such undertaking to the Record Date
“Overseas Letter”	a letter from the Company to the Excluded Shareholders explaining the circumstances in which the Excluded Shareholders are not permitted to participate in the Rights Issue
“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

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## DEFINITIONS

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“PAL(s)”	the provisional allotment letter(s) proposed to be 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 not be the Shareholder(s) and 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 not be the Shareholder(s) and shall be the Independent Third Party(ies), to subscribe for any of the Unsubscribed Rights Shares and the ES Unsold Rights Shares pursuant to the Placing Agreement
“Placing”	the offer by way of private placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by the Placing Agent and/or its sub-placing agents(s), who and whose ultimate beneficial owners shall not be the Shareholder(s) and 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
“Placing Agent”	Sorrento Securities 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 ES Unsold Rights Shares under the Compensatory Arrangements in accordance with Rule 7.19(5)(b) of the Listing Rules
“Placing Agreement”	the placing agreement dated 16 June 2021 and entered into between the Company and the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares to the Placee(s) on a best effort basis
“Placing Arrangement”	the placing arrangement for the Unsubscribed Rights Shares and the ES Unsold Rights Shares as described in the section headed “The Placing Agreement” in this Prospectus

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## DEFINITIONS

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“Placing Period”	a period commencing from the next Business Day after the date of announcement of the number of Unsubscribed Rights Shares and the ES Unsold Rights Shares, which is expected to be Thursday, 9 September 2021, and ending at the Latest Placing Time
“Poll Results Announcement”	the announcement of the Company dated 5 August 2021 in relation to, among other things, the poll results of the SGM
“Posting Date”	Wednesday, 18 August 2021 or such other date as the Company may determine, being the date on which the Prospectus Documents are posted to the Qualifying Shareholders
“PRC”	the People’s Republic of China, and for the purpose of this Prospectus, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	this prospectus to be despatched to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	collectively, the Prospectus and PAL
“Prospectus Posting Date”	the date of despatch of the Prospectus Documents
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date, other than the Excluded Shareholder(s)
“Record Date”	Tuesday, 17 August 2021 or such other date as may be determined by the Company, being the date for determining entitlements of Shareholders to participate in the Rights Issue
“Registrar”	Union Registrars Limited
“Rights Issue”	the proposed issue of the Rights Shares by way of rights on the basis of one (1) Rights Share for every one (1) Share held by the Qualifying Shareholders on the Record Date at the Subscription Price pursuant to the Prospectus Documents

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## DEFINITIONS

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“Rights Share(s)”	up to 624,637,750 new Shares proposed to be allotted and issued by the Company to the Qualifying Shareholders for subscription pursuant to the Rights Issue, assuming no further issue of new Share(s) and no repurchase of Share(s) on or before the Record Date
“SGM”	a special general meeting of the Company held on 5 August 2021 at which, among other things, the Rights Issue and the transactions contemplated thereunder have been approved
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Share Option Scheme”	the share option scheme of the Company adopted on 30 August 2011
“Share Options”	the share options granted by the Company pursuant to the Share Option Scheme
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.10 per Rights Share
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“Unsubscribed Arrangements”	the placement of Unsubscribed Rights Shares by the Placing Agent pursuant to the terms of the Placing Agreement, details of which are set out in the section headed “Procedures in respect of the Unsubscribed Rights Shares and the ES Unsold Rights Shares, and the Compensatory Arrangements” in this Prospectus
“Unsubscribed Rights Shares”	Rights Shares that are not subscribed by the Qualifying Shareholders
“%”	per cent

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## EXPECTED TIMETABLE

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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:*

**Event** **2021**

First day of dealings in nil-paid Rights Shares . . . . . 9:00 a.m. on Friday, 20 August

Latest time for splitting of PALs . . . . . 4:00 p.m. on Tuesday, 24 August

Latest time of dealings in nil-paid Rights Shares . . . . . 4:00 p.m. on Friday, 27 August

Latest time for logging transfer of nil-paid Rights Shares  
in order to qualify for payment of Net Gain to  
relevant No Action Shareholders (if any) or  
Excluded Shareholders (if any) . . . . . 4:00 p.m. on  
Wednesday, 1 September

**Latest time for acceptance of and payment  
for the Rights Shares . . . . . 4:00 p.m. on  
Wednesday, 1 September**

Announcement of the number of Unsubscribed  
Rights Shares and the ES Unsold Rights Shares  
subject to the Compensatory Arrangements . . . . . Wednesday, 8 September

Commencement of placing of Unsubscribed Rights Shares  
and the ES Unsold Rights Shares by the Placing Agent . . . . . Thursday, 9 September

Latest time of placing of the Unsubscribed Rights Shares  
and the ES Unsold Rights Shares by the Placing Agent . . . . . Thursday, 16 September

Latest time for the Rights Issue and placing  
of the Unsubscribed Rights Shares and  
ES Unsold Rights Shares to become unconditional . . . . . Thursday, 16 September

Announcement of results of the Rights Issue  
(including results of the placing of the Unsubscribed  
Rights Shares and the ES Unsold Rights Shares  
and the amount of the Net Gain per Unsubscribed  
Rights Share and per ES Unsold Rights Share  
under the Compensatory Arrangements) . . . . . Friday, 17 September

Refund cheques, if any, to be despatched (if the Rights  
Issue does not proceed) . . . . . On or before  
Monday, 20 September

Certificates for fully paid Rights Shares to be despatched . . . . . Monday, 20 September

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## EXPECTED TIMETABLE

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Event	2021
Commencement of dealings in fully-paid Rights Shares . . . . .	9:00 a.m. on Tuesday, 21 September
Designated broker starts to stand in the market to provide matching services for odd lots of Shares . . . . .	Tuesday, 21 September
Last day for the designated broker to provide for odd lot matching . . . . .	Tuesday, 12 October
Payment of Net Gain to relevant No Action Shareholders (if any) or Excluded Shareholders (if any) . . . . .	Wednesday, 13 October

All times and dates in this Prospectus refer to Hong Kong local times and dates.

The expected timetable is subject to change, and any such change will be further announced by the Company as and when appropriate.

### **EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES**

The latest time for acceptance of and payment for the Rights Shares will not take place if:

1. typhoon signal No. 8 (or above);
2. “extreme conditions” caused by super typhoons as announced by the Government of the Hong Kong Special Administrative Region; or
3. a “black” rainstorm warning
  - (a) is/are in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the date of the Latest Time for Acceptance. Instead the Latest Time for Acceptance will be extended to 5:00 p.m. on the same Business Day; or
  - (b) is/are in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the date of the Latest Time for Acceptance. Instead the Latest Time for Acceptance will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the Latest Time for Acceptance does not take place on the currently scheduled date, the dates of the events subsequent to the Latest Time for Acceptance mentioned in this section may be affected. Announcement will be made by the Company in such event as soon as possible.

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## LETTER FROM THE BOARD

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### China Environmental Energy Investment Limited

中國環保能源投資有限公司\*

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 986)**

*Executive Directors:*

Ms. Zhou Yaying

Mr. Wei Liang

Mr. Tang Wing Cheung Louis

*Independent non-executive Directors:*

Mr. Tse Kwong Chan

Mr. Yiu To Wa

Mr. Lau Leong Yuen

Mr. Hong Hui Lung

*Registered office:*

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Principal place of business*

*in Hong Kong:*

Room 910, 9/F., Harbour Centre

25 Harbour Road, Wanchai

Hong Kong

18 August 2021

*To: the Qualifying Shareholders and, for information purpose only,  
the Excluded Shareholders and holders of Share Options*

Dear Sir or Madam,

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

#### **INTRODUCTION**

Reference is made to the Announcements, the Circular and the Poll Results Announcement, in relation to, among other matters, the Rights Issue. On 16 June 2021, the Company proposed to raise up to approximately HK\$62.46 million on the basis of one (1) Rights Share for every one (1) Share held on the Record Date by issuing 624,637,750 Rights Shares at the Subscription Price of HK\$0.10 per Rights Share (assuming no further issue of new Share(s) and no repurchase of Share(s) by the Company on or before the Record Date). The Subscription Price is payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, when a renouncee of any provisional allotment of the Rights Shares or a transferee of nil-paid Rights Shares applies for the Rights Shares. The Rights Issue is only available to the Qualifying Shareholders and will not be extended to the Excluded Shareholders.

\* *For identification purposes only*

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## LETTER FROM THE BOARD

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

### RIGHTS ISSUE

The Board proposed to raise up to approximately HK\$62.46 million on the basis of one (1) Rights Share for every one (1) Share held on the Record Date by issuing 624,637,750 Rights Shares at the Subscription Price of HK\$0.10 per Rights Share (assuming no further issue of new Share(s) and no repurchase of Share(s) by the Company on or before the Record Date).

Further details of the Rights Issue are set out below:

#### Issue statistics

Basis of the Rights Issue	:	One (1) Rights Share for every one (1) Share held at the close of business on the Record Date
Subscription Price	:	HK\$0.10 per Rights Share
Number of Shares in issue as at the Latest Practicable Date and the Record Date	:	624,637,750 Shares
Number of Rights Shares	:	624,637,750 Rights Shares with an aggregate nominal value of approximately HK\$62,463,775, assuming that the Rights Issue is fully subscribed
Number of issued shares of the Company upon completion of the Rights Issue	:	1,249,275,500 Shares, assuming that the Rights Issue is fully subscribed
Amount to be raised	:	HK\$62,463,775 before expenses, assuming that the Rights Issue is fully subscribed

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, there are 59,056,660 outstanding Share Options, details of the outstanding Share Options are set out below:

<b>Date of grant</b>	<b>Exercisable period</b>	<b>Exercise price (HK\$ per Share)</b>	<b>Number of outstanding Share Options as at the Latest Practicable Date</b>
13 May 2020	13 May 2020 to 12 May 2022	0.133	53,150,994
20 August 2020	20 August 2020 to 19 August 2022	0.370	5,905,666

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

The nil-paid Rights Shares proposed to be provisionally allotted pursuant to the terms of the Rights Issue represents 100.00% of the Company's issued share capital as at the Latest Practicable Date and approximately 50% of the Company's issued share capital as enlarged by the allotment and issue of the Rights Shares immediately after completion of the Rights Issue assuming no further issue of new Share(s) other than the Rights Shares and no repurchase of Share(s) on or before completion of the Rights Issue.

### **Non-underwritten basis**

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders will be placed to independent places under the Compensatory Arrangements. Any Unsubscribed Rights Shares or ES Unsold Rights Shares which remain not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue.

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## LETTER FROM THE BOARD

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As the Rights Issue will proceed on a non-underwritten basis, the Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the Rights Issue will be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance to the note to Rule 7.19(5) of the Listing Rules.

### **The Optionholder's Undertakings**

As at the date of the Placing Agreement, each of the holders of the Share Options (including one Director) has signed an Optionholder's Undertaking for not exercising the Share Options granted to him/her on or before the Record Date.

### **Subscription Price**

The Subscription Price for the Rights Shares 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 renounee of any provisional allotment of the Rights Shares or a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (a) a discount of approximately 10.71% to the closing price of HK\$0.1120 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a discount of approximately 5.66% to the closing price of HK\$0.1060 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a discount of approximately 2.91% to the theoretical ex-rights price of approximately HK\$0.1030 per Share based on the closing price of HK\$0.1060 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (d) a discount of approximately 2.34% to the average of the closing prices of approximately HK\$0.1024 per Share based on the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;
- (e) a discount of approximately 2.44% to the average of the closing prices of HK\$0.1025 per Share based on the closing prices of the Shares as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day;

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## LETTER FROM THE BOARD

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- (f) a discount of approximately 79.27% to the adjusted consolidated net asset value per Share of approximately HK\$0.4825 (based on the unaudited consolidated net asset value of the Group as at 30 September 2020 of approximately HK\$301,383,000 and the number of issued shares, which is 624,637,750); and
- (g) discount of approximately 79.81% to the adjusted consolidated net asset value per Share of approximately HK\$0.4954 (based on the audited consolidated net asset value of the Group as at 31 March 2021 of approximately HK\$309,437,000 and the number of issued shares, which is 624,637,750).

The Subscription Price was determined by the Company with reference to, among other things, the recent market price of the Shares, the prevailing market conditions, recent rights issue exercises in the market, the loss attributable to owners of the Company of approximately HK\$29.41 million for the financial year ended 31 March 2020 and the amount of funds and capital needs and the reasons for the Rights Issue as set out in the section headed “REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS” in this Prospectus. All Qualifying Shareholders are entitled to subscribe for the Rights Shares in the same proportion to his/her/its existing shareholding in the Company held on the Record Date so as to maintain their proportionate interests in the Company and participate in the future growth of the Group.

The Directors noted that the Subscription Price represents discount of approximately 79.27% and 79.81% to the unaudited net asset value per Share as at 30 September 2020 and the audited net asset value per Share as at 31 March 2021, respectively. Given that (i) the Shares were traded at a substantial discount to the unaudited net asset value per Share during the period since the publication of the interim report of the Group for the six months ended 30 September 2020 and up to the Last Trading Day; (ii) the recent market price of the Shares reflects the recent market sentiment; and (iii) the Subscription Price represents a discount of approximately only 2.44% of the average closing price of the Shares for the 10 consecutive trading days up to and including the Last Trading Day, the Directors consider that it is reasonable to make reference to the market price of the Share, rather than the unaudited and/or audited net asset value per Share in determining the Subscription Price, and that the discount of the Subscription Price to the unaudited and/or audited net asset value per Share is justifiable.

The Directors consider that, despite any potential dilution impact of the Rights Issue on the shareholding interests of the Shareholders, the terms and structure of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole, after taking into account the following factors: (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue are able to sell the nil paid rights in the market; (ii) the Qualifying Shareholders who choose to accept their provisional entitlements in full can maintain their respective existing shareholding interests in the Company after the Rights Issue; and (iii) the Rights Issue allows the Qualifying Shareholders an opportunity to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a relatively low price as compared to the recent market price of the Shares.

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## LETTER FROM THE BOARD

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Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted upon completion of the Rights Issue. The possible maximum dilution to shareholdings of those Qualifying Shareholders who do not subscribe to the Rights Issue is approximately 50%. The theoretical dilution effect of the Rights Issue is approximately 2.83% which is below 25% as required under Rule 7.27B of the Listing Rules.

The Directors (including the independent non-executive Directors) are of the view that the terms and structure of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders, and that all Qualifying Shareholders are treated equally. The net price per Rights Share (i.e. the Subscription Price less cost and expenses incurred in the Rights Issue) is estimated to be approximately HK\$0.0962, if fully subscribed.

### **Basis of provisional allotments**

The basis of the provisional allotment shall be one (1) Rights Share for every one (1) Share held by the Qualifying Shareholders as at the close of business on the Record Date.

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.

### **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 an Excluded Shareholder.

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.**

As at the date of the Placing Agreement, the Company has not received any undertaking from any substantial shareholders of the Company of any intention as to whether such Shareholder will take up his/her entitlements under the Rights Issue.

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## LETTER FROM THE BOARD

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### **Rights of Overseas Shareholders**

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below. The Company has, in compliance with Rule 13.36(2)(a) of the Listing Rules, sought legal advice regarding the feasibility of extending the offer of the Rights Shares to Overseas Shareholders.

Based on the register of members of the Company as at the Latest Practicable Date, the Company had 464 Overseas Shareholders, one with a registered address in Canada holding 4,371,386 Shares and 463 with registered addresses in the PRC holding an aggregate of 45,549,137 Shares. The Overseas Shareholders collectively held 49,920,523 Shares in aggregate, representing approximately 7.99% of the total number of Shares in issue as at the Latest Practicable Date.

### ***PRC***

Based on the advice of the Company's legal adviser in the PRC, the Directors are of the view that it is expedient to extend the Rights Issue to the Overseas Shareholders in the PRC as there are no material restrictions on the making of the Rights Issue to the PRC Overseas Shareholders and there are no additional registration requirements for the related documents should the Rights Issue be extended to the PRC Overseas Shareholders.

### ***Canada***

Based on the advice of the Company's legal adviser in Canada, the Directors are of the view that it would be necessary or expedient to exclude the Overseas Shareholder in Canada from the Rights Issue due to the time and costs which would be involved in the registration of the Prospectus and/ or compliance with the relevant local legal or regulatory requirements in Canada and/or additional steps the Company and/or Shareholders and/or beneficial owners of the Shares would need to take to comply with the local legal requirements in connection with the Rights Shares.

It is the responsibility of the Qualifying Shareholders including the Qualifying Shareholders outside Hong Kong wishing to make an application for the Rights Shares to observe the laws and regulations of all relevant territories applicable to them for taking up and onward sale (if applicable) of the Rights Shares (including the obtaining of any governmental or other consents, and to pay any taxes and duties required to be paid in connection therewith).

The Company will send the Prospectus to the Excluded Shareholders (if any) for their information only, but will not send any PAL to them.

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## LETTER FROM THE BOARD

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Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders, to be sold in the market in their nil-paid form during the period from 9:00 a.m. on Friday, 20 August 2021 to 4:00 p.m. on Friday, 27 August 2021 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 Excluded Shareholders.

In view of administrative costs, the Company will retain individual amounts of HK\$100 or less for its own benefit.

Any unsold Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders in nil-paid form, will be placed by the Placing Agent at the price at least equal to the Subscription Price under the Placing Arrangement together with the Unsubscribed Rights Shares. Any Unsubscribed Rights Shares and the ES Unsold Rights Shares remain not placed after completion of the Placing Arrangement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. For the nil-paid Rights Shares that were sold as described above and the buyer of such nil-paid Rights Shares who will not take up the entitlement, such Unsubscribed Rights Shares will be subject to the Compensatory Arrangements.

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

**The Company reserves the right to treat as invalid any acceptance of or applications for Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.**

### **Distribution of the Prospectus Documents**

The Company will only send this Prospectus accompanied by the other Prospectus Documents to the Qualifying Shareholders on the Posting Date. However, to the extent reasonably practicable and legally permitted, the Company will send this Prospectus, for information purposes only, to the Excluded Shareholders (if any). The Company will not send any PALs to the Excluded Shareholders (if any).

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## LETTER FROM THE BOARD

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Distribution of this Prospectus and the other Prospectus Documents into jurisdictions other than Hong Kong may be restricted by law. Persons who come into possession of the Prospectus Documents (including, without limitation, Shareholders and beneficial owners of the Shares, agents, custodians, nominees and trustees) should inform themselves of and observe any such restriction. Any failure to comply with such restriction may constitute a violation of the securities laws of any such jurisdiction. Any Shareholder or beneficial owner of the Shares who is in any doubt as to his/her/its position should consult an appropriate professional adviser without delay.

Receipt of this Prospectus and/or a PAL or the crediting of nil-paid Rights Shares to a stock account in CCASS does not and will not constitute an offer in any jurisdiction in which it would be illegal to make an offer and, in those circumstances, this Prospectus and/or a PAL must be treated as sent for information only and should not be copied or redistributed. Persons (including, without limitation, agents, custodians, nominees and trustees) who receive a copy of this Prospectus and/or a PAL or whose stock account in CCASS is credited with nil-paid Rights Shares should not, in connection with the Rights Issue, distribute or send the same in, into or from, or transfer the nil-paid Rights Shares to any person in, into or from, any such jurisdiction. If a PAL or a credit of nil-paid Rights Shares in CCASS is received by any person in any such territory, or by his/her/its agent or nominee, he/she/it should not seek to take up the rights referred to in the PAL or transfer the PAL or transfer the nil-paid Rights Shares in CCASS unless the Company determines that such action would not violate any applicable legal or regulatory requirements.

Any person (including, without limitation, agents, custodians, nominees and trustees) who does forward this Prospectus or a PAL in, into or from any such jurisdiction (whether under a contractual or legal obligation or otherwise) should draw the recipient's attention to the contents of this section.

No part of the Prospectus Documents should be published, reproduced, distributed or otherwise made available in whole or in part to any other person without the written consent of the Company.

Beneficial owners of the Shares who reside outside Hong Kong should note that the Rights Issue does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to nil-paid Rights Shares or fully-paid Rights Shares in any jurisdiction in which such an offer or solicitation is unlawful.

It is the responsibility of the relevant beneficial owners and/or their respective agents, custodians, nominees or trustees wishing to make an application for the Rights Shares to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including obtaining any governmental or other consents and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith.

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## LETTER FROM THE BOARD

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### **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, on or after the record date of which is after the date of allotment of the Rights Shares in their fully-paid form. Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to payment of stamp duty, Stock Exchange trading fee, transaction levy or any other applicable fees and charges in Hong Kong.

### **Fractions of the Rights Shares**

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

### **Procedures for acceptance and payment or transfer**

A PAL is enclosed with this Prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of the Rights Shares shown therein. If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PAL, they must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, by not later than 4:00 p.m. on Wednesday, 1 September 2021 (or, under bad weather conditions, such later time and/or date as mentioned in the section headed "Effect of Bad Weather and/or Extreme Conditions on the Latest Time for Acceptance of and Payment for the Rights Shares" in "Expected Timetable" in this Prospectus). All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier's orders which must be issued by, a licensed bank in Hong Kong and made payable to "China Environmental Energy Investment Limited" and crossed "ACCOUNT PAYEE ONLY". It should be noted that unless the PAL, together with the appropriate remittance, have been lodged with the Registrar by not later than 4:00 p.m. on Wednesday, 1 September 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. Qualifying Shareholder(s) must pay the exact amount payable upon application for Rights Shares, and any underpaid application will be rejected. No receipt will be issued in respect of any PAL and/or relevant remittance received.

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## LETTER FROM THE BOARD

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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 not later than 4:00 p.m. on Tuesday, 24 August 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 Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, after 9:00 a.m. on the next 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 PAL contains the full information regarding the procedures to be followed for Qualifying Shareholders who wish to: (i) accept their provisional allotment in full; (ii) accept only part of their provisional allotment; or (iii) renounce/transfer all or part of their provisional allotment to other party/parties. Qualifying Shareholders are advised to study the procedures set out in the PAL carefully.

The Registrar will determine the eligibility for the cash compensation as derived from the lapsed PALs after the completion of the re-registration for all re-registration request received by the Registrar on or before the latest time for acceptance of and payment for Rights Shares and by all means before the announcement of the number of Unsubscribed Rights Shares and the ES Unsold Rights Shares subject to the Compensatory Arrangements is posted on the Stock Exchange's website and the Company's website.

If any of the conditions of the Rights Issue as set out in the section headed "Conditions of the Rights Issue" in this "Letter from the Board" of this Prospectus is not fulfilled at or before 4:00 p.m. on Thursday, 16 September 2021 or such later date as may be considered by the Company, the Rights Issue will not proceed. Under such circumstances, the monies received in respect of application for the Rights Shares will be returned to the relevant applicants or, in the case of joint applicants, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on or before Monday, 20 September 2021.

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## LETTER FROM THE BOARD

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### **Cheques and banker's cashier orders**

All cheques and banker's cashier orders will be presented for payment upon receipt and all interests earned on such monies (if any) will be retained for the benefit of the Company. Completion and lodgement of a PAL together with a cheque or banker's cashier order in payment of the Rights Shares applied for will constitute a warranty that the cheque or banker's cashier order will be honoured upon first presentation. If any cheque or banker's cashier order is not honoured upon first presentation, the PAL (as the case may be) is liable to be rejected and/or deemed invalid by the Company in its absolute discretion, and in the case of an acceptance of a Qualifying Shareholder's assured entitlement all such assured entitlement and all rights thereunder will be deemed to have been declined and will be cancelled.

### **Beneficial owners' instructions to their Intermediary**

For beneficial owners whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, if they wish to subscribe for the Rights Shares provisionally allotted to them, or sell their nil-paid Rights Shares or "split" their nil-paid Rights Shares by accepting part of their provisional allotment and selling/transferring the remaining part, they should contact their Intermediary and provide their Intermediary with instructions or make arrangements with their Intermediary in relation to the acceptance, transfer and/or "splitting" of the rights to subscribe for the Rights Shares which have been provisionally allotted to them in respect of the Shares in which they are beneficially interested. Such instructions and the relevant arrangements should be given or made in advance of the relevant dates stated in the "Expected Timetable" in this Prospectus and otherwise in accordance with the requirements of their Intermediary in order to allow their Intermediary sufficient time to ensure that their instructions are given effect. The procedures for acceptance, transfer and/or "splitting" in these cases shall be in accordance with the General Rules of CCASS, the CCASS Operational Procedures and any other applicable requirements of CCASS.

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

Pursuant to Rule 7.21(1)(b) of the Listing Rules, the Company must make arrangements to dispose of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by offering the Unsubscribed Rights Shares and the ES Unsold Rights Shares to independent placees 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 7.21(1)(a) of the Listing Rules.

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## LETTER FROM THE BOARD

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The Company therefore appointed the Placing Agent to place the Unsubscribed Rights Shares and the ES Unsold Rights Shares after the Latest Time for Acceptance to independent places on a best effort basis, and any premium over the Subscription Price for those Rights Shares that is realised will be paid to the No Action Shareholders and Excluded Shareholders on a pro-rata basis. The Placing Agent will, on a best effort basis, procure, by not later than 6:00 p.m., on Thursday, 16 September 2021, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and the ES Unsold Rights Shares at a price not less than the Subscription Price.

Net Gain (if any) will be paid (without interest) on pro-rata basis (on the basis of all Unsubscribed Rights Shares and ES Unsold Rights Shares) to the No Action Shareholders and the Excluded Shareholders (but rounded down to the nearest cent) as set out below:

- (i) where the nil-paid rights are, at the time they lapse, represented by a PAL, to the person whose name and address appeared on the PAL (unless that person is covered by (iii) below);
- (ii) where the nil-paid rights are, at the time they lapse, registered in the name of HKSCC Nominees Limited, to the beneficial holders (via their respective CCASS participants) as the holder of those nil-paid rights in CCASS (unless that person is covered by (iii) below); or
- (iii) if the Rights Issue is extended to the Overseas Shareholders and where an entitlement to the Rights Shares was not taken up by such Overseas Shareholders, to that Overseas Shareholders.

It is proposed that Net Gain to any of the No Action Shareholder(s) mentioned in (i) to (iii) above which is in an amount of HK\$100 or more will be paid to them in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit. Shareholders and the Excluded Shareholders may or may not receive any Net Gain.

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## LETTER FROM THE BOARD

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### THE PLACING AGREEMENT

On 16 June 2021 (after trading hours), the Company and the Placing Agent 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 ES Unsold Rights Shares. Details of the Placing Agreement are as follows:

Date : 16 June 2021 (after trading hours)

Issuer : The Company

Placing Agent : Sorrento Securities Limited was appointed as the Placing Agent to procure, on a best effort basis, Placees to subscribe for the Unsubscribed Rights Shares and the ES Unsold Rights Shares.

The Placing Agent confirmed that it is independent of and not connected with the Company and its connected persons or any of their respective associates.

Placing price of the Unsubscribed Rights Shares and/or and the ES Unsold Rights Shares : The placing price of the Unsubscribed Rights Shares and/or the ES Unsold Rights Shares shall be not less than the Subscription Price.

The final price determination is depended on the demand and market conditions of the Unsubscribed Rights Shares and/or the ES Unsold Rights Shares during the process of placement.

Commission : 2.5% of the amount which is equal to the Placing Price multiplied by the Unsubscribed Rights Shares and ES Unsold Rights Shares that have been successfully placed by the Placing Agent pursuant to the terms of the Placing Agreement.

The commission is not payable by the Company to the Placing Agent if the Placing Agreement has not become unconditional or is otherwise terminated in accordance with its terms.

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## LETTER FROM THE BOARD

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- Placees : The Unsubscribed Rights Shares and the ES Unsold Rights Shares are expected to be placed to the Placee(s) who and whose ultimate beneficial owner(s) shall not be the Shareholder(s) and shall be the Independent Third Party(ies).
- Ranking of Unsubscribed Rights Shares and the ES Unsold Rights Shares : Unsubscribed Rights Shares and the ES 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.
- Conditions Precedent : The obligations of the Placing Agent and the Company under the Placing Agreement are conditional upon, among others, the following conditions being fulfilled (or being waived by the Placing Agent in writing, if applicable):
- (i) the Listing Committee of the Stock Exchange having granted the listing of, and the permission to deal in, the Rights Shares;
  - (ii) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect if it was repeated as at the time of completion; and
  - (iii) the Placing Agreement not having been terminated in accordance with the provisions thereof.

The Placing Agent may, in its absolute discretion, waive the fulfillment of all or any or any part of the conditions precedent to the Placing Agreement (other than those set out in paragraph (i) above) by notice in writing to the Company. As at the Latest Practicable Date, none of the above conditions precedent may be waived by the Company or the Placing Agent.

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## LETTER FROM THE BOARD

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Termination : The Placing Arrangement shall end on 16 September 2021 or any other date by mutual written agreement between the Placing Agent and the Company.

The engagement of the Placing Agent may also be terminated by Placing Agent in case of force majeure resulting in the Company and the Placing Agent being unable to fulfill its duties and responsibilities under the engagement. However, if during the course of the engagement it has come to the Placing Agent's knowledge that there is any material adverse change in the business and operational environment in the Company which, in the sole opinion of the Placing Agent, may make it inadvisable to continue the engagement, the Placing Agent shall have the right to terminate the engagement by written notice to the Company with immediate effect.

Placing Completion : Completion is expected to take place within six Business Days after publication of an announcement by the Company of the number of the Unsubscribed Rights Shares and the ES Unsold Rights Shares under the Compensatory Arrangements and upon fulfilment or waiver (as the case may be) of the conditions precedent to the Placing Agreement or such other date as the Company and the Placing Agent may agree in writing.

The Company shall use its best endeavours to procure the fulfilment of such conditions precedent to the Placing Agreement by the Long Stop Date. If any of the conditions precedent to the Placing Agreement have not been fulfilled by the Long Stop Date or become incapable of being fulfilled (subject to the Placing Agent not exercising its rights to waive or extend the time for fulfilment of such conditions), then the Placing will lapse and all rights, obligations and liabilities of the Company and the Placing Agent in relation to the Placing shall cease and determine, save in respect of any accrued rights or obligations under the Placing Agreement or antecedent breach thereof.

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## LETTER FROM THE BOARD

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The engagement between the Company and the Placing Agent for the Unsubscribed Rights Shares and ES Unsold Rights Shares (including the commission payable) was determined after arm's length negotiation between the Company and the Placing Agent and is on normal commercial terms with reference to the market comparables, the existing financial position of the Group, the size of the Rights Issue, and the current and expected market condition. The Directors consider that the terms of Placing Agreement for the Unsubscribed Rights Shares and ES Unsold Rights Shares (including the commission payable) are on normal commercial terms.

Given that the Compensatory Arrangements would provide (i) a distribution channel of the Unsubscribed Rights Shares and the ES Unsold Rights Shares to the Company; (ii) an additional channel of participation in the Rights Issue for independent Qualifying Shareholders; and (iii) a compensatory mechanism for No Action Shareholders and the Excluded 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.

### **Application for listing**

The Company has applied to the Listing Committee of 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. The nil-paid Rights Shares shall have the same board lot size as the Shares, i.e. 2,000 Shares in one board lot. No part of the share capital of the Company is listed or dealt in or on which listing or permission to deal in is being or is proposed to be sought on any stock exchange other than the Stock Exchange.

### **Rights Shares will be eligible for admission in CCASS**

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.

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## LETTER FROM THE BOARD

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### **Stamp duty and other applicable fees**

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

### **Taxation**

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

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

Subject to the fulfillment of the conditions of the Rights Issue, share certificates for all fully paid Rights Shares are expected to be posted on or before Monday, 20 September 2021 by ordinary post to the allottees, at their own risk, to their registered addresses. Each Shareholder will receive one share certificate for all allotted Shares.

If the Rights Issue does not become unconditional or proceed, refund cheques, without interest, in respect of the relevant portion of application monies received are expected to be posted by ordinary post at your own risk to your registered addresses on or before Monday, 20 September 2021. Refund cheques (crossed "Account Payee Only") will be despatched by ordinary post to the registered addresses of the relevant applicants of the Rights Shares at the risk of such applicants.

### **Conditions of the Rights Issue**

The Rights Issue is conditional upon:

- (a) the passing by the Shareholders (or the Independent Shareholders, as the case may be) at the SGM of the necessary resolution(s) to approve the Rights Issue, and the transactions contemplated thereunder (including but not limited to the allotment and issue of the Rights Shares) by no later than the Prospectus Posting Date;
- (b) the Listing Committee of the Stock Exchange granting or agreeing to grant and not having withdrawn or revoked the listing of, and permission to deal in, all the Rights Shares (in their nil-paid and fully-paid forms);
- (c) the delivery to the Stock Exchange and the filing and registration with the Registrar of Companies in Hong Kong respectively one duly certified copy of each of the Prospectus and the PALs (and all other documents required to be attached thereto) in compliance with the Companies (WUMP) Ordinance and the Listing Rules by no later than the Prospectus Posting Date; and

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## LETTER FROM THE BOARD

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- (d) the posting of the Prospectus Documents to Qualifying Shareholders and the posting of the Prospectus and the Overseas Letter to the Excluded Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue by the Prospectus Posting Date.

The Company shall use all reasonable endeavours to procure the fulfilment of all the above conditions by the respective dates specified above. As at the Latest Practicable Date, condition (a) as stated above has been satisfied.

**As the Rights Issue is subject to the above conditions, it may or may not proceed.**

### **Arrangement on odd lot trading**

In order to facilitate the trading of odd lots (if any), the Company will arrange odd lot matching services during Tuesday, 21 September 2021 to Tuesday, 12 October 2021 (both dates inclusive). Shareholders who wish to take advantage of this service should contact Sorrento Securities Limited at 11/F, The Wellington, 198 Wellington Street, Central, Hong Kong or at telephone number (852) 3959 9800 during office hours (i.e. 9:00 a.m. to 6:00 p.m.) of such period. Shareholders should note that matching of the sale and purchase of odd lots of the Shares is on a best effort basis and successful matching of the sale and purchase of such odd lots is not guaranteed. Shareholders who are in doubt about this service are recommended to consult their professional advisors.

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## LETTER FROM THE BOARD

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### SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the Company has 624,637,750 Shares in issue. On the assumption that there is no change in the shareholding structure of the Company from the Latest Practicable Date to completion of the Rights Issue other than the allotment and issue of Rights Shares pursuant to the Rights Issue, the table below depicts, for illustrative purposes only, the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by the existing Shareholders; and (iii) immediately upon completion of the Rights Issue assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and all Unsubscribed Rights Shares and ES Unsold Rights Shares have been placed by the Placing Agent:

	As at the Latest Practicable Date		Immediately upon completion of the Rights Issue			
			Assuming full acceptance of the Rights Shares by the existing Shareholders		Assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and all Unsubscribed Rights Shares and ES Unsold Rights Shares have been placed by the Placing Agent	
	<i>Number of Shares</i>	<i>Approx.% (note)</i>	<i>Number of Shares</i>	<i>Approx.% (note)</i>	<i>Number of Shares</i>	<i>Approx.% (note)</i>
Ms. Guo Sha	47,000,000	7.52	94,000,000	7.52	47,000,000	3.76
Ms. Dong Qian	40,000,000	6.40	80,000,000	6.40	40,000,000	3.20
Ms. Zhou						
Yaying	4,371,386	0.70	8,742,772	0.70	4,371,386	0.35
Public						
Shareholders	533,266,364	85.38	1,066,532,728	85.38	533,266,364	42.69
Independent						
places	—	—	—	—	<u>624,637,750</u>	<u>50.00</u>
Total	<u>624,637,750</u>	<u>100.00</u>	<u>1,249,275,500</u>	<u>100.00</u>	<u>1,249,275,500</u>	<u>100.00</u>

*Notes:*

The above percentage figures are subject to rounding adjustments. Accordingly, figures shown as total may not be an arithmetic aggregation of the figures preceding it.

Shareholders and public investors should note that the above shareholding changes are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including the results of acceptance of the Rights Issue.

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## LETTER FROM THE BOARD

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

The Company is an investment holding company. The Group is principally engaged in the businesses of design, Original Equipment Manufacturing (“OEM”) and marketing of jewelry and provision of loans (“**Money Lending**”).

For the years ended 31 March 2019, 31 March 2020 and 31 March 2021, the Group recorded (i) revenue of continuing operations of approximately HK\$137.59 million, HK\$90.54 million and HK\$105.65 million, respectively; and (ii) loss for the year of approximately HK\$51.46 million, HK\$29.41 million and profit for the year of approximately HK\$4.45 million, respectively. During the six months ended 30 September 2020, the Group recorded (i) unaudited revenue of continuing operations of approximately HK\$36.74 million as compared to approximately HK\$63.25 million for the same period in 2019; and (ii) unaudited loss for the period of approximately HK\$3.05 million as compared to unaudited loss of approximately HK\$6.35 million for the same period in 2019. As mentioned in the annual report of the Company for the year ended 31 March 2020 (the “**2020 Annual Report**”), the interim report of the Company for the six months period ended 30 September 2020 and the annual report of the Company for the year ended 31 March 2021, due to the severe outbreak of COVID-19 since January 2020, various regions were under extensive lockdown and various levels of restrictions on public and business activities. The implementation of social distancing and quarantine measures in many countries worldwide have dampened consumer sentiment and brought the international tourism to a standstill, plunging the global economy into recession. The drastic drop in foot traffic has led to the sales slump of design, OEM and marketing of jewelry business. The Group expects the design, OEM and marketing of jewelry business segment will continue to face more challenges in the foreseeable future and the Directors expect to see good growth potentials when the market recovers as the impact of COVID-19 fades away. According to the statistics from Hong Kong Census and Statistics Department, despite the retail sales of the jewelry, watches and clocks, and valuable gifts in Hong Kong decreasing by approximately 38.44% from approximately HK\$51,984 million for the 12 months ended 31 March 2020 to approximately HK\$32,003 million for the 12 months ended 31 March 2021, the retail sales of the jewelry, watches and clocks, and valuable gifts increased by approximately 35.21% from approximately HK\$13,606 million for the six months ended 30 September 2020 to approximately HK\$18,397 million for the six months ended 31 March 2021. The Directors believe that the jewelry, watches and clocks, and valuable gifts category in Hong Kong has started to recover.

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## LETTER FROM THE BOARD

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Therefore, the Company proposes to raise equity capital by the Rights Issue to supplement its operation needs and particularly for its principal business activities. It is estimated that the Company will raise a gross proceeds of approximately HK\$62.46 million from the Rights Issue and the relevant expenses would be approximately HK\$2.35 million, which include placing commission and professional fees payable to financial advisers, legal advisers, financial printer and other parties involved in the Rights Issue. The estimated net proceeds from the Rights Issue will accordingly be approximately HK\$60.11 million (equivalent to a net price of approximately HK\$0.0962 per Rights Share). In line with the aforesaid business objectives, the Company intends to utilise the net proceeds from the Rights Issue as follows:-

- (i) approximately HK\$5.76 million (or approximately 9.58% of the total net proceeds) for the repayment of the loan and interest payable of the Group;
- (ii) approximately HK\$9.46 million (or approximately 15.74% of the total net proceeds) for the repayment of the overdue debts of the Group;
- (iii) approximately HK\$30.00 million (or approximately 49.91% of the total net proceeds) for the development of new jewelry products and expansion of sales network in various third-party retail locations in Hong Kong; and
- (iv) approximately HK\$14.89 million (or approximately 24.77% of the total net proceeds) for general working capital of the Group.

### **Repayment of the loan and interest payable of the Group**

As at 31 March 2021, the Group was indebted to a financial institution in the principal amount of HK\$4.60 million. The loan payable bears an interest of 10.5% per annum and is repayable on demand by the financial institution in November 2021. The Company intends to apply approximately HK\$5.76 million from the Rights Issue for repayment of loan and interest payable of the Group.

## LETTER FROM THE BOARD

### Repayment of the overdue debts of the Group

As at 31 March 2021, the Group had overdue debts, which consist of loan from a director, other payable, advertising and marketing expenses and other expenses, in the aggregate amount of approximately HK\$9.46 million, all of which have already fallen due. The Company intends to apply approximately HK\$9.46 million from the Rights Issue for repayment of overdue debts of the Group. The details of the overdue debts of the Group are set out as follows:

Nature of overdue debts	Outstanding amount as at the Latest Practicable Date HK\$'000	Before Mar 20	Repayment schedule Amount of debt shall be settled for the three months ended			Maturity Date	
			Jun 20	Sep 20	Dec 20		
Promotion and marketing expenses	4,800	–	1,200	1,200	1,200	1,200	Monthly expenses due on the last calendar day of each month
Accrual directors' remuneration	1,095	–	–	380	354	361	Monthly expenses due on the last calendar day of each month
Tax payables	621	–	–	–	–	621	January 2021
Accrual-other expenses	992	137	–	–	31	824	N/A
Loan from an ex-director	646	618	–	–	–	28	April 2019
Loan from a director	350	–	–	–	200	150	November 2020
Loan from a director	954	610	–	173	–	171	March 2019
<b>Total</b>	<b>9,458</b>	<b>1,365</b>	<b>1,200</b>	<b>1,753</b>	<b>1,785</b>	<b>3,355</b>	

### Development of new jewelry products and expansion of sales network in various third-party retail locations in Hong Kong

In light of vaccine rollouts, control of the COVID-19 pandemic is expected in the future, which in turn will boost consumption sentiment. The Directors believe the design, OEM and marketing of jewelry business will rebound quickly once border shutdowns are lifted as the pandemic eases. Thus, the Group intends to invest more resources into the design, OEM and marketing of jewelry business, in order to capture the potential purchasing power in the near future. The Group is principally engaged in the businesses of design, OEM and marketing of jewelry in Hong Kong. Therefore, the success of the Group depends on its ability to continuously develop marketable products and launch via appropriate sales channels and network. By leveraging the experience of the Group in design and production of diamond jewelry products, the Company intends to design and develop gold jewelry products and expand its product offering. The Company expects to design and launch a total of over 5,000 gold jewelry products in 40 different styles and five different collections in the coming year which will require (i) development costs including purchase cost of approximately HK\$24.22 million and design cost of approximately HK\$0.60 million; (ii) consignment fee of approximately HK\$4.68 million; and (iii) marketing cost of approximately HK\$0.50 million. Such development costs are estimated based on the third-party quotations available to the Group and the expected salary of designer and craftsman to be employed.

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## LETTER FROM THE BOARD

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Such new gold jewelry products mainly include (i) necklaces and pendants; (ii) bracelets; (iii) earrings; and (iv) rings. The Directors consider that by (i) continuous development of a wider variety of jewelry products with creative and sophisticated designs; and (ii) serving customers with the Group's strong designer and craftsman, the Group could maintain its competitiveness in the market and give confidence to customers on the Group's product quality.

To cope with the development of the Group's new jewelry products. The Group plans to expand its sales network to over 10 sales locations in Hong Kong upon agreement with the relevant dealers on the sale arrangement. As at the Latest Practicable Date, the Company is still in negotiation with the relevant dealers in respect of the sale arrangement of the Group's new products at their sales locations, such as sharing of income generated from sales of the Group's products, credit terms and administrative arrangements.

The Directors expect it will take around six months for the development of the abovementioned new products. The Company will, from time to time, assess the market condition and determine the production plan of these new products.

### **General working capital**

As at 31 March 2021, the Group's bank and cash balances were approximately HK\$1.53 million. Given the low cash level of the Group as aforesaid, the Directors intends to apply the net proceeds from the Rights Issue to replenish the general working capital of the Group, so as to accommodate the operating cash expenses of the Company and to respond to any unforeseen need in capital. The Company intends to apply the the remaining balance (approximately 24.77%) of the net proceeds from the Rights Issue for the general working capital of the Group as follows:

- (i) approximately HK\$8.82 million will be applied for staff costs;
- (ii) approximately HK\$3.30 million will be applied for marketing expenses for the development of existing products of the Group;
- (iii) approximately HK\$1.40 million will be applied for the lease payment of office premises; and
- (iv) approximately HK\$1.37 million will be applied for other operating expenses.

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## LETTER FROM THE BOARD

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If the Rights Issue is undersubscribed, the above use of proceeds will be adjusted by the Company accordingly and the net proceeds from the Rights Issue will be applied by the Company in the following order of priority:

- (i) for the repayment of the loan and interest payable of the Group;
- (ii) for the repayment of the overdue debts of the Group, the Company will give priority to settle (a) tax payable; (b) accrual-other expenses; (c) promotion and marketing expenses; (d) accrual directors' remuneration; (e) loan from an ex-director; and (f) loan from directors;
- (iii) for the development of new jewelry products and expansion of sales network in various third-party retail locations in Hong Kong.

The Directors consider that the Rights Issue provides a good opportunity for the Group to strengthen its capital base and to enhance its financial position, while at the same time the Rights Issue will enable all Qualifying Shareholders to participate in the future development of the Company on equal terms. Since the Rights Issue will allow the Qualifying Shareholders to maintain their respective pro rata shareholdings in the Company and therefore avoid dilution, the Directors consider that it is in the interests of the Company and the Shareholders as a whole to raise capital through the Rights Issue. As at the Latest Practicable Date, the Company has no intention, agreement, arrangement, understanding, intention and/or negotiation (i.e. conducted or otherwise) on any potential equity/debt fundraising activities in the next twelve months after the proposed Rights Issue.

### **Alternative fund-raising methods considered**

The Directors have considered other financing alternatives including (i) other debt financing, and (ii) equity fund raising such as placement of new Shares and open offer. The Board considers that fund raising through the Rights Issue is in the interests of the Company and the Shareholders as a whole, for the reasons as follows:

- (a) As for other debt financing, as at the Latest Practicable Date, the Group has attempted to obtain other loan financing from independent third parties, but the interest rate offered is generally over 30% per annum.
- (b) As for placement of new Shares, it would lead to immediate dilution in the shareholding interest of existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company.
- (c) As for open offer, similar to a rights issue, it also offers qualifying shareholders to participate, but it does not allow the trading of rights entitlements in the open market.

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## LETTER FROM THE BOARD

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As such, the Directors consider that equity financing does not involve recurring interest expense and the financing process is usually simpler and quicker than negotiating bank borrowings, and therefore would allow the Group to react promptly to market conditions and business opportunities.

In addition, the Directors consider that the terms of the Rights Issue and Placing Arrangement are fair and reasonable and in the best interest of the Company and Shareholders as a whole since (i) under the Rights Issue, all the Qualifying Shareholders will be offered the same opportunity to maintain their proportionate interests in the Company and to participate in the growth and development of the Group and the Qualifying Shareholders have the first right to decide whether to accept their entitlements of the Rights Shares; and (ii) the Shareholders who do not want to participate in the Rights Issue can dispose of the nil-paid Rights Shares in the secondary market for their own economic benefit. Although the Rights Issue on a non-underwritten basis may not raise sufficient funds to satisfy the funding needs as aforementioned, taking into account that (i) the placing obligation of the Placing Agent are more or less similar to an underwriter of the Rights Issue (except that the Placing Agent is on best effort basis) and therefore adopting the Placing Arrangement simultaneously would help to maximise the funds to be raised; (ii) the Company was not able to secure any underwriter who was willing to underwrite the Rights Shares; and (iii) the recent rights issue exercises conducted by companies listed on the Stock Exchange whereby the Unsubscribed Rights Shares and ES Unsold Rights Shares have been more or less fully placed by the placing agents, the Directors considers that the Rights Issue is in the best interests of the Company and the Shareholders as a whole.

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

The Company has not conducted any fund raising activities involving issue of its securities in the past 12 months immediately preceding the date of the Placing Agreement and up to the Latest Practicable Date.

### **POSSIBLE ADJUSTMENTS RELATING TO THE SHARE OPTIONS**

As at the Latest Practicable Date, there were 59,056,660 outstanding Share Options.

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## LETTER FROM THE BOARD

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Pursuant to the terms of the Share Option Scheme and the terms, the exercise prices and/or number of new Shares to be issued upon exercise of the Share Options may be adjusted in accordance with the Share Option Scheme, if any, upon the Rights Issue becoming unconditional. Subject to the certification of the Company's auditors or the Company's independent financial adviser and the terms and conditions of the Share Option Scheme, it is proposed that the exercise price of the Share Options and the number of Shares to be issued upon exercise of the outstanding Share Options will be adjusted using the following formulas derived from the Frequently Asked Questions released by the Stock Exchange on 6 November 2020 regarding adjustment of share options under Rule 17.03(13) of the Listing Rules:

The adjusted exercise price shall be equal to the existing exercise price multiplied by the theoretical ex-rights price divided by the closing price on the last day of trading on cum-rights basis.

The adjusted number of Shares subject to the outstanding Share Options shall be equal to the existing number of Shares subject to the outstanding Share Options multiplied by the closing price on the last day of trading on cum-rights basis divided by the theoretical ex-rights price.

Following adjustments in accordance with the proposed formulas above, the exercise price of and the number of Shares subject to the outstanding Share Options are expected to adjust in the following manner:

Name of grantee	Date of grant	Before adjustments		After adjustments	
		Exercise price per Share	Number of Shares to be issued upon exercise of all share options granted under the Share Option Scheme	Exercise price per Share	Number of Shares to be issued upon exercise of all share options granted under the Share Option Scheme
Ms. Zhou Yaying	20 August 2020	HK\$0.370	5,905,666	HK\$0.337	6,490,912
Employees	13 May 2020	HK\$0.133	53,150,994	HK\$0.121	58,418,210

Shareholders should note that the above expected adjustment results are calculated based on the closing price of HK\$0.122 on the last trading day before going ex-entitlement to the Rights Issue, i.e. 6 August 2021 and assuming that the Rights Issue is fully subscribed or the Unsubscribed Rights Shares and ES Unsold Rights Shares are fully placed. The final adjustment results will be certified by an independent financial adviser or auditor of the Company (as the case may be). Further announcement will be made by the Company in relation thereto as and when appropriate.

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## LETTER FROM THE BOARD

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

The Rights Issue is subject to the fulfilment of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed “Conditions of the Rights Issue” in this Prospectus. Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not satisfied, the Rights Issue will not proceed.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. Pursuant to the Company’s constitutional documents and the Companies Act, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfillment of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level. In the event the Rights Issue is undersubscribed, any Unsubscribed Rights Shares will be placed to independent places under the Unsubscribed Arrangements. Any Unsubscribed Rights Shares not placed under the Unsubscribed Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. Investors are advised to exercise caution when dealing in the Shares.

Any dealings in the Shares from the Latest Practicable Date up to the date on which all the conditions of the Rights Issue are fulfilled, and any Shareholders dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares or Rights Shares in their nil-paid form are recommended to consult their professional advisers.

### ADDITIONAL INFORMATION

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

For and on behalf of the Board  
**China Environmental Energy Investment Limited**  
**Zhou Yaying**  
*Chairman*

**1. FINANCIAL INFORMATION OF THE GROUP**

Details of the audited financial information of the Group for each of the years ended 31 March 2019, 2020 and 2021 and the unaudited financial information of the Group for the six months ended 30 September 2020 are disclosed in the following annual reports of the Company for the years ended 31 March 2019, 2020 and 2021 and interim report for the six months ended 30 September 2020 respectively which have been published and are available on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and of the Company ([www.986.com.hk](http://www.986.com.hk)):

- (a) the annual report of the Company for the year ended 31 March 2019 published on 30 July 2019 (pages 44 to 142) in relation to the financial information of the Group for the same year (<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0730/ltn20190730239.pdf>);
- (b) the annual report of the Company for the year ended 31 March 2020 published on 30 July 2020 (pages 53 to 156) in relation to the financial information of the Group for the same year (<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0730/2020073000722.pdf>);
- (c) the annual report of the Company for the year ended 31 March 2021 published on 30 July 2021 (pages 60 to 134) in relation to the financial information of the Group for the same year (<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0730/2021073000061.pdf>);
- (d) the interim report of the Company for the six months ended 30 September 2020 published on 3 December 2020 (pages 19 to 56) in relation to the financial information of the Group for the same period (<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/1203/2020120300956.pdf>).

**2. STATEMENT OF INDEBTEDNESS**

As at the close of business on 30 June 2021, being the latest practicable date for the purpose of ascertaining information contained in this statement of indebtedness prior to the printing of this Prospectus, the details of the Group's indebtedness are as follows:

	<i>HK\$'000</i>
<b>Current</b>	
Amount due to a director – unsecured and unguaranteed	1,649
Other borrowings – unsecured and unguaranteed	6,531
Lease liabilities	91
<b>Non-current</b>	
Principal amount of unconvertible bonds – unsecured and unguaranteed	<u>20,000</u>
Total	<u><u>28,271</u></u>

Save as aforesaid or otherwise disclosed herein, and apart from intra-group liabilities, normal trade and other payables and contract liabilities, as at 30 June 2021, being the latest practicable date for the purpose of preparing this statement of indebtedness prior to the printing of this Prospectus, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages and charges, hire purchase commitments, material contingent liabilities or guarantees outstanding.

To the best knowledge of the Directors, having made all reasonable enquiries, (i) there has been no material change in indebtedness or contingent liabilities of the Group since 30 June 2021; (ii) there has not been any default on repayments or other obligations in any material respect under the loan agreements; (iii) the Group does not have material covenants relating to the outstanding debts; (iv) the Group has complied with all of the finance covenants up to the Latest Practicable Date; and (v) the Group does not have any material external debt financing plans as at the Latest Practicable Date.

**3. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors confirm that there have been no material adverse changes in the financial or trading position of the Group since 31 March 2021 (being the date to which the latest published audited consolidated financial information of the Group were made up).

**4. WORKING CAPITAL**

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

**5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

The Company, along with its subsidiaries, is principally engaged in the businesses of design, OEM and marketing of jewelry and Money Lending.

For the year ended 31 March 2021, the Group's revenue from continuing operations was approximately HK\$105.65 million (2020: approximately HK\$90.54 million), representing an increase of approximately HK\$15.11 million or 16.68% as compared with last year. The profit for the year ended 31 March 2021 of the Group was approximately HK\$4.45 million as compared to the loss from continuing operations and the loss from discontinued operation were approximately HK\$27.82 million and HK\$1.59 million, respectively, for the year ended 31 March 2020.

As set out in the annual report of the Company for the year ended 31 March 2021, the severe outbreak of COVID-19 since January 2020, various regions were under extensive lockdown and various levels of restrictions on public and business activities. The implementation of social distancing and quarantine measures in many countries worldwide have dampened consumer sentiment and brought the international tourism to a standstill, plunging the global economy into recession.

According to the statistics from Hong Kong Census and Statistics Department, despite the retail sales of the jewelry, watches and clocks, and valuable gifts in Hong Kong decreased by approximately 38.44% from approximately HK\$51,984 million for the 12 months ended 31 March 2020 to HK\$32,003 million for the 12 months ended 31 March 2021, the retail sales of the jewelry, watches and clocks, and valuable gifts category has started to recover since September 2020 in Hong Kong. In light of vaccine rollouts, control of the COVID-19 pandemic is expected in the future, which in turn will boost consumption sentiment. The Directors believe the design, OEM and marketing of jewelry business will rebound quickly once border shutdowns are lifted as the pandemic eases.

The Group intends to expand its design, OEM and marketing of jewelry business by development of new jewelry and expansion of its sales network in various retail stores in Hong Kong after receiving proceeds from the Rights Issue. The Company believes that this sales and development plan is in line with the abovementioned strategy and would broaden the Group's market to capture more business opportunities.

The Directors will continue to enhance the Group's businesses through review of its existing business portfolio from time to time and also seek suitable investment opportunities in the long run so as to broaden the source of income of the Group and diversify the Group's business portfolio on an on-going basis.

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

## Introduction

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company (the “**Unaudited Pro Forma Financial Information**”) has been prepared by the Directors in accordance with paragraph 4.29 of the Listing Rules and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for inclusion in Investment Circular” issued by the Hong Kong Institute of Certified Public Accountants is for illustration only, and is set out in this appendix to illustrate the effect of the Rights Issue on the consolidated net tangible assets of the Group as at 31 March 2021 attributable to the owners of the Company as if the Rights Issue had taken place on such date.

The Unaudited Pro Forma Financial Information is prepared for illustrative purposes only, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 March 2021 or at any future date; and

The Unaudited Pro Forma Financial Information of the Group as at 31 March 2021 is prepared by the Directors based on the audited consolidated statement of financial position of the Group as at 31 March 2021, extracted from the published annual report of the Group for the year ended 31 March 2021, with adjustments described below.

	Audited consolidated net tangible assets attributable to owners of the Company as at 31 March 2021	Unaudited estimated net proceeds from the Rights Issue	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company as at 31 March 2021 immediately after the completion of the Rights Issue	Audited consolidated net tangible assets attributable to owners of the Company per Share as at 31 March 2021 before the completion of the Rights Issue	Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share as at 31 March 2021 immediately after the completion of the Rights Issue
	HK\$'000 (Note 1)	HK\$'000 (Note 2)	HK\$'000	HK\$ (Note 3)	HK\$ (Note 4)
Based on 624,637,750 Rights Shares to be issued at the Subscription Price of HK\$0.10 per Rights Share	304,877	60,114	364,991	0.49	0.29

*Notes:*

1. The consolidated net tangible assets of the Group attributable to owners of the Company of approximately HK\$304,877,000 as at 31 March 2021 is based on the consolidated net assets of the Group attributable to owners of the Company as at 31 March 2021 of approximately HK\$309,437,000 after deducting intangible assets of approximately HK\$4,560,000 which represents the goodwill and right-of-use assets of the Group as at 31 March 2021 amounted to approximately HK\$4,189,000 and HK\$371,000, respectively, as extracted from the published annual report of the Company for the year ended 31 March 2021.
2. The estimated net proceeds from the Rights Issue of approximately HK\$60,114,000 are based on 624,637,750 Rights Shares to be issued at the Subscription Price of HK\$0.10 per Rights Share and after deducting estimated related expenses, including among others, placing commission, legal and professional fees, which are directly attributable to the Rights Issue, of approximately HK\$2,350,000.
3. The calculation of audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2021 per Share before the completion of the Rights Issue is based on the audited consolidated net tangible assets of the Group as at 31 March 2021 of approximately HK\$304,877,000, divided by 624,637,750 Shares in issue as at 31 March 2021.
4. The calculation of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2021 per Share immediately after the completion of the Rights Issue is based on unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 March 2021 immediately after the completion of the Rights Issue of approximately HK\$364,991,000, being the aggregate unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 March 2021 of approximately HK\$304,877,000 and the estimated net proceeds from the Rights Issue of approximately HK\$60,114,000, divided by 1,249,275,500 Shares which represents the sum of 624,637,750 Shares in issue and 624,637,750 Rights Shares (assuming no new shares are issued and no repurchase of shares on or before the Record Date) were issued immediately after the completion of the Rights Issue, as if the Rights Issue had been completed on 31 March 2021.
5. Save as disclosed above, no adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2021.

**B. ACCOUNTANT’S REPORT ON UNAUDITED PRO FORMA FINANCIAL  
INFORMATION**

The following is the text of a report received from McMillan Woods (Hong Kong) CPA Limited, Certified Public Accountants, Hong Kong, the independent reporting accountants of the Company, in respect of the Group’s unaudited pro forma financial information prepared for the purpose of incorporation in this Prospectus.



3th Floor,  
Winbase Centre,  
208 Queen’s Road Central,  
Hong Kong

18 August 2021

The Board of Directors of  
China Environmental Energy Investment Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of China Environmental Energy Investment Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at 31 March 2021 and related notes as set out on pages II-1 to II-2 of the Prospectus issued by the Company dated 18 August 2021 (the “**Prospectus**”). The applicable criteria on the basis of which the directors have compiled the unaudited pro forma financial information are described in Section A of Appendix II of the Prospectus.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the proposed rights issue on the basis of one rights share for each existing share at the subscription price of HK\$0.10 per rights share (the “**Rights Issue**”) on the Group’s consolidated financial position as at 31 March 2021 as if the Rights Issue had taken place on 31 March 2021. As part of this process, information about the Group’s net tangible assets as at 31 March 2021 has been extracted by the directors from the Group’s consolidated statement of financial position as at 31 March 2021, included in the published annual report of the Group for the year ended 31 March 2021.

**Directors' Responsibility for the Unaudited Pro Forma Financial Information**

The directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

**Our Independence and Quality Control**

We have complied with the independence and other ethical requirement of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional 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” and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountant's Responsibilities**

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

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

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

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Rights Issue at 31 March 2021 would have been as presented.

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

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

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

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

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

**Opinion**

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled by the director of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

**McMillan Woods (Hong Kong) CPA Limited**

*Certified Public Accountants*

Hong Kong

## 1. RESPONSIBILITY STATEMENT

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

## 2. SHARE CAPITAL AND OPTIONS

### (a) Share capital

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately following the completion of the Rights Issue (assuming there is no change in the issued share capital of the Company, on or before the Record Date) are as follows:

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

<i>Authorised: HK\$</i>		
<u>10,000,000,000</u>	Shares of HK\$0.10 each	<u>1,000,000,000</u>
<i>Issued and fully-paid:</i>		
<u>624,637,750</u>	Shares of HK\$0.10 each	<u>62,463,775</u>

#### (II) Immediately following the completion of the Rights Issue

<i>Authorised: HK\$</i>		
<u>10,000,000,000</u>	Shares of HK\$0.10 each	<u>1,000,000,000</u>
<i>Issued and fully-paid:</i>		
624,637,750	Shares of HK\$0.10 each	62,463,775
<u>624,637,750</u>	Rights Shares to be issued pursuant to the Rights Issue	<u>62,463,775</u>
<u>1,249,275,500</u>	Shares in issue immediately after completion of the Rights Issue	<u>124,927,550</u>

All of the Rights Shares to be issued will rank *pari passu* in all respects with each other. Holder of the Rights Shares in their fully-paid form will be entitled to receive all future dividends and distributions which are declared, made or paid on or after the date of allotment and issue of the fully-paid Rights Shares. The Rights Shares to be issued will be listed on the Stock Exchange.

Save as the Share Options, as at the Latest Practicable Date, the Company did not have any outstanding derivatives, options, warrants and convertible securities or other similar rights which are convertible or exchangeable into Shares. The Company has no intention to issue or grant any convertible securities, warrants and/or options on or before the Record Date.

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

**(b) Share Options**

Details of the outstanding Share Options as at the Latest Practicable Date were as follows:

Name of grantee	Number of underlying Shares subject to outstanding Share Options	Date of grant	Exercise price (HK\$ per Share)	Exercise Period
<b>Director</b>				
Ms. Zhou Yaying	5,905,666	20 August 2020	0.370	20 August 2020 to 19 August 2022
Employees	53,150,994	13 May 2020	0.133	13 May 2020 to 12 May 2022
	<hr/>			
Total	<u><u>59,056,660</u></u>			

Save as disclosed above, as at the Latest Practicable Date, the Company did not have any other options, warrants or other convertible securities or rights affecting the Shares and no capital of any member of the Group is under option, or agreed conditionally or unconditionally to be put under option as at the Latest Practicable Date.

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

### 3. INTEREST IN SECURITIES

#### (a) Directors' and chief executive's interests

Save as disclosed below, 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 any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or are deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

Name of Director	Capacity	Number of issued Shares held	Interest in underlying of Share Options	Approximate percentage of total issued shares
Ms. Zhou Yaying	Beneficial owner	4,371,386	5,905,666	1.65%

*Notes:*

The percentage of interest in the Company is calculated by reference to the number of ordinary shares in issue as at 31 March 2021, that is 624,637,750 ordinary shares of the Company.

#### (b) Interests of substantial shareholders

Save as disclosed below, as at the Latest Practicable Date, the Company had not been notified by any corporation which or persons who (other than a Director or the chief executive of the Company) who had interests or short positions in the shares or underlying Shares, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

Name of Shareholders	Capacity	Number of issued Shares held	Approximate percentage of total issued shares
Ms. Guo Sha	Beneficial owner	47,000,000	8.28%
Ms. Dong Qian	Beneficial owner	40,000,000	7.04%

*Notes:*

The percentage of interest in the Company is calculated by reference to the number of ordinary shares in issue as at 31 March 2021, that is 624,637,750 ordinary shares of the Company.

#### 4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into any service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

#### 5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and their respective close associates was interested in any business which competed, or might compete, either directly or indirectly, with the business of the Group pursuant to the Listing Rules.

#### 6. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS OF THE GROUP

As at the Latest Practicable Date:

- (a) none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group; and
- (b) none of the Directors had any direct and indirect interest in any assets which had been acquired or disposed of by or leased to, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2021, being the date to which the latest published audited financial statements of the Company were made up.

**7. MATERIAL LITIGATION**

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

**8. MATERIAL CONTRACTS**

Save as disclosed below, there had been no contract, not being a contract entered into in the ordinary course of business carried on or intended to be carried on by members of the Group, entered into by members of the Group after the date falling two years immediately preceding the date of the Announcements and up to the Latest Practicable Date:

- (a) the Placing Agreement;
- (b) Third supplemental agreement for very substantial disposal in relation to the disposal of 25.88% issued share capital of Pure Power Holdings Limited dated 30 September 2019;
- (c) Second supplemental agreement for very substantial disposal in relation to the disposal of 25.88% issued share capital of Pure Power Holdings Limited dated 6 September 2019;
- (d) Supplemental agreement for very substantial disposal in relation to the disposal of 25.88% issued share capital of Pure Power Holdings Limited dated 9 August 2019;
- (e) Fifth supplemental agreement for major transaction in relation to the disposal of 23.53% issued share capital of Pure Power Holdings Limited dated 31 July 2019; and
- (f) Fourth supplemental agreement for major transaction in relation to the disposal of 23.53% issued share capital of Pure Power Holdings Limited dated 28 June 2019.

**9. EXPENSES**

The expenses in connection with the Rights Issue, including financial advisory fees, placing commission (assuming nil acceptance of the Rights Shares by the Qualifying Shareholders and placing all Unsubscribed Rights Shares and ES Unsold Rights Shares by Placing Agent), printing, registration, translation, legal and accountancy charges are estimated to be up to approximately HK\$2.35 million, which are payable by the Company.

## 10. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

**Board of Directors** : **Ms. Zhou Yaying**  
Room 101, No. 15, Lane 700,  
Lianhuashan Road,  
Baoshan District, Shanghai,  
the People's Republic of China

**Mr. Wei Liang**  
No. 19, Liudong Village,  
Chenping Village,  
Chenping Township,  
Binyang County,  
Guangxi Province,  
the People's Republic of China

**Mr. Tang Wing Cheung Louis**  
Flat 4, 29/F., Fai Ming House,  
Chung Ming Court,  
Tseung Kwan O,  
New Territories, Hong Kong

**Mr. Tse Kwong Chan**  
Room 75, 7/F., Block D,  
Luso Apts, 5 Warwick Road,  
Kowloon Tong, Hong Kong

**Mr. Yiu To Wa**  
Flat E, 19/F.,  
Building 13, Laguna City,  
Lam Tin,  
Kowloon, Hong Kong

**Mr. Lau Leong Yuen**  
Flat 1, 32/F., Oi Tao House,  
Tin Oi Court, Tin Shui Wai,  
New Territories, Hong Kong

**Mr. Hong Hui Lung**  
Flat F, 10/F., Block 3,  
The Victoria Towers,  
188 Canton Road, Tsim Sha Tsui,  
Kowloon, Hong Kong

<b>Registered office</b>	:	Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda
<b>Head office and principal place of business</b>	:	Room 910, 9/F., Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong
<b>Placing Agent</b>	:	<b>Sorrento Securities Limited</b> 11/F, The Wellington, 198 Wellington Street, Central, Hong Kong
<b>Financial advisers to the Company</b>	:	<b>Sorrento Capital Limited</b> 11/F, The Wellington, 198 Wellington Street, Central, Hong Kong
<b>Legal adviser to the Company as to Hong Kong law in relation to the Rights Issue</b>	:	<b>Khoo &amp; Co.</b> 15/F & 16/F (Reception), Tern Centre Tower 2, 251 Queen's Road Central, Hong Kong
<b>Reporting accountants</b>	:	<b>McMillan Woods (Hong Kong) CPA Limited</b> 3/F., Winbase Centre, 208 Queen's Road Central, Hong Kong

<b>Principal bankers in Hong Kong</b>	:	<b>China Construction Bank (Asia) Corporation Limited</b> 19th floor, CCB Centre, 18 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong
		<b>Industrial and Commercial Bank of China Limited</b> 33rd floor, ICBC Tower, 3 Garden Road, Central, Hong Kong
		<b>CMB Wing Lung Bank Limited</b> 45 Des Voeux Road Central, Central, Hong Kong
<b>Principal share registrar and transfer office</b>	:	<b>MUFG Fund Services (Bermuda) Limited</b> 4th floor, North Cedar House, 41 Cedar Avenue, Hamilton HM 12, Bermuda
<b>Hong Kong branch share registrar and transfer office</b>	:	<b>Union Registrars Limited</b> Suites 3301-04, 33/F. Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong
<b>Company secretary</b>	:	<b>Mr. Chan Kin Ming</b> Room 910, 9/F, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong
<b>Authorised representatives</b>	:	<b>Ms. Zhou Yaying</b> Room 101, No. 15, Lane 700, Lianhuashan Road, Baoshan District, Shanghai, the People's Republic of China
		<b>Mr. Chan Kin Ming</b> Room 910, 9/F, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong

## 11. AUDIT COMMITTEE

As at the Latest Practicable Date, the audit committee of the Board (the “**Audit Committee**”) comprised all of the independent non-executive Directors, namely Mr. Yiu To Wa (the Chairman of the Audit Committee), Mr. Tse Kwong Chan, Mr. Lau Leong Yuen and Mr. Hong Hui Lung. The background, directorship and past directorship (if any) of each of the members of the Audit Committee are set out in the section headed “13. Particulars of the Directors, Senior Management and Company Secretary” in this appendix.

The primary role and function of the Audit Committee are to oversee the relationship with the external auditors, to review the Group’s preliminary quarterly results, interim results and annual results and to monitor compliance with statutory and listing requirements.

## 12. EXPERT AND CONSENT

The following are the qualifications of the experts who have given opinions or advice, which are contained or referred to in this Prospectus:

<b>Name</b>	<b>Qualification</b>
McMillan Woods (Hong Kong) CPA Limited	Certified Public Accountants

As at the Latest Practicable Date, the above expert:

- (a) has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion of its letter or opinions or advice and references to its name, in the form and context in which they appear;
- (b) did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (c) did not have any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2021, being the date to which the latest published audited consolidated financial statements of the Company were made up.

As at the Latest Practicable Date, the above expert was not materially interested, directly or indirectly, in any contract or arrangement subsisting at the Latest Practicable Date which was significant in relation to the business of the Group.

**13. PARTICULARS OF THE DIRECTORS, SENIOR MANAGEMENT AND COMPANY SECRETARY****Executive Directors**

Ms. Zhou Yaying (“**Ms. Zhou**”), aged 38, is the Chairman of the Board and a member of the executive committee of the Board (the “**Executive Committee**”), the remuneration committee of the Board (the “**Remuneration Committee**”) and the nomination committee of the Board (the “**Nomination Committee**”). She joined the Group in April 2018. She has over 15 years of experiences of business management, business strategy formulation, sales and marketing and human resources.

Mr. Wei Liang (“**Mr. Wei**”), aged 43, is the Chief Executive Officer of the Company and a member of the Executive Committee. He joined the Group in May 2018. He has over 20 years of experiences of business management, trading, and property investment.

Mr. Tang Wing Cheung Louis (“**Mr. Tang**”), aged 58, is an executive director and a member of the Executive Committee of the Company. He joined the Group in May 2018. He graduated from Florida International University in the United States of America in 1984 with bachelor degree in hotel management. Mr. Tang has over 10 years of experience in management, investment and provision of financial services.

**Independent non-executive Directors**

Mr. Tse Kwong Chan (“**Mr. Tse**”), aged 51, is an independent non-executive director, the chairman of the Remuneration Committee and a member of both the Audit Committee and the Nomination Committee of the Company. He joined the Company in March 2011. He graduated from Dawson College, Canada with a degree majoring in Mathematics in 1991. Mr. Tse has over 20 years of working experience in the area of sales and marketing and management.

Mr. Yiu To Wa (“**Mr. Yiu**”), aged 38, is an independent non-executive director, the Chairman of the Audit Committee and Nomination Committee. He joined the Group in July 2017. He obtained his bachelor degree of business administration in professional accountancy program from The Chinese University of Hong Kong in 2005 and has been a certified public accountant of Hong Kong Institute of Certified Public Accountants since 2008. Mr. Yiu has over 10 years of experience in financial accounting and auditing of listed companies in Hong Kong. Mr. Yiu has appointed as an Independent non-executive director of Yuk Wing Group Holdings Limited, which are listed on the Stock Exchange (Stock Code: 1536), with effect from 27 May 2020. Mr. Yiu has appointed as an executive director of DeTai New Energy Group Limited, which are listed on the Stock Exchange (Stock Code: 559) on 27 May 2021 and resigned as an executive director with effect from 22 July 2021.

Mr. Lau Leong Yuen (“**Mr. Lau**”), aged 36, is an independent non-executive director, the member of the Audit Committee and Remuneration Committee. He joined the Group in July 2017. He obtained a bachelor degree of engineering in electronic and communication from the City University of Hong Kong in 2008 and a master degree of science in E-Commerce from the Hong Kong Polytechnic University in 2011. Mr. Lau is currently a senior information technology analyst in a leading air cargo terminal operator in Hong Kong. Mr. Lau has over 10 years of experience in software engineering and information technology system development. Mr. Lau is currently also an Independent non-executive director of Yuk Wing Group Holdings Limited, which are listed on the Stock Exchange (Stock Code: 1536).

Mr. Hong Hui Lung (“**Mr. Hong**”), aged 52, is an independent non-executive director, the member of Audit Committee. He joined the Group in February 2021. He obtained a bachelor degree in science from The University of Hong Kong in 1992. After graduation, Mr. Hong had worked in an international audit firm. Mr. Hong has professional expertise and extensive experience in investment banking for about 16 years. Mr. Hong has also participated as speakers of professional trainings and seminars regarding the regulation, landscape and development of Hong Kong and China capital markets. Mr. Hong is a fellow member of the Association of Chartered Certified Accountants.

#### **Senior Management**

Ms. Chen Tong (“**Ms. Chen**”), aged 57, was the executive director of the Company from 15 December 2010 to 10 October 2017 and re-designated as General Manager on that day. She joined the Group in December 2010. Ms. Chen graduated from Tongji University in 2002 with a bachelor’s degree in administrative management. She is currently the vice general manager of a logistic company in the PRC. She has over 20 years experience in the banking industry and is an economist.

#### **Company Secretary**

Mr. Chan Kin Ming (“**Mr. Chan**”) was appointed as the company secretary of the Company in May 2018. Mr. Chan is a member of the Hong Kong Institute of Certified Public Accountants. He holds a Bachelor’s degree in accounting. Mr. Chan has over 10 years of experience in auditing and finance.

#### **14. MISCELLANEOUS**

- (a) As at the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (b) In the event of inconsistency, the English text of this Prospectus shall prevail over the Chinese text.

**15. LEGAL EFFECT**

This Prospectus, the PAL and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong.

**16. BINDING EFFECT**

This Prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

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

A copy of this Prospectus, together with copies of the PAL and the written consent referred to in the paragraph headed “12. Expert and Consent” in this Appendix III, have been registered with the Registrar of Companies in Hong Kong for registration pursuant to section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

**18. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours from 9:00 a.m. to 6:00 p.m. (except Saturdays, Sundays and public holidays) at Room 910, 9/F., Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong, for a period of 14 days from the date of this Prospectus (both days inclusive):

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual report of the Company for the year ended 31 March 2019;
- (c) the annual report of the Company for the year ended 31 March 2020;
- (d) the interim report of the Company for the six months ended 30 September 2020;
- (e) the annual report of the Company for the year ended 31 March 2021;
- (f) the Placing Agreement;
- (g) Optionholder’s Undertakings;
- (h) the letter from the Board, the text of which is set out on pages 9 to 36 of this Prospectus;
- (i) the accountant’s report on the unaudited pro forma financial information of the Group issued by McMillan Woods (Hong Kong) CPA Limited, the text of which is set out in Appendix II to this Prospectus;

- (j) the material contracts (including the Placing Agreement) as referred to in the section headed “8. Material contracts” in this appendix;
- (k) the written consent referred to in the section headed “12. Expert and consent” in this appendix;
- (l) the Circular; and
- (m) this Prospectus Document.