
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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

A copy of each of the Prospectus Documents, together with the documents specified in the paragraph headed "(25) DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG" in Appendix III to this Prospectus, have been registered with the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong, The Stock Exchange of Hong Kong Limited and the Securities and Futures Commission of Hong Kong take no responsibility for the contents of any of the Prospectus Documents or other documents referred to above.

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

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 dealings in the existing Shares and nil-paid Rights Shares" in the "Letter from the Board" in this Prospectus.



CHINA INVESTMENT DEVELOPMENT LIMITED 中國投資開發有限公司

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

(Stock Code: 204)

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

Placing Agents

Cheong Lee
昌利證券

Cheong Lee Securities Limited

 **元庫證券有限公司**
SILVERBRICKS SECURITIES CO. LTD.

Capitalised terms used in this cover page shall have the same meanings as those defined in this Prospectus, unless the context requires otherwise.

The latest time for acceptance and payment for the Rights Shares is 4:00 p.m. on Friday, 28 July 2023. The procedures for acceptance and transfer of the Rights Shares are set out in the section headed "Proposed Rights Issue—Procedures for acceptance, splitting of PAL and payment or transfer" in the "Letter from the Board" of this Prospectus.

It should be noted that the Shares have been dealt in on an ex-rights basis from Wednesday, 5 July 2023. Dealings in the Rights Shares in their nil-paid form will take place from Tuesday, 18 July 2023 to Tuesday, 25 July 2023 (both days inclusive). If the conditions of the Rights Issue are not fulfilled or waived (as applicable), the Rights Issue will not proceed. Any persons contemplating dealings in the Shares prior to the date on which the conditions of the Rights Issue are fulfilled or waived (as applicable), and/or dealings in the nil-paid Rights Shares, are accordingly subject to the risk that the Rights Issue may not become unconditional or may not proceed.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares and is subject to the fulfilment of conditions. Please refer to the section headed "Conditions of the Rights Issue" in this Prospectus. Shareholders and potential investors of the Company should note that: (a) if the conditions to the Rights Issue are not satisfied, the Rights Issue will not proceed; and (b) 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 Placers under the Compensatory Arrangements. Any Unsubscribed Rights Shares or ES Unsold Rights Shares 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. There are no applicable statutory requirements under the laws of the Bermuda regarding minimum subscription levels in respect of the Rights Issue. Accordingly, the Rights Issue and the Placing may or may not proceed. Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position they should consult their professional advisers.

14 July 2023

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EXPECTED TIMETABLE

The expected timetable for the Rights Issue set out below is for indicative purposes only and it has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled.

Event	Time and date
First day of dealings in nil-paid Rights Shares	Tuesday, 18 July 2023
Latest time for splitting of the PAL.	4:00 p.m. on Thursday, 20 July 2023
Last day of dealings in nil-paid Rights Shares.	Tuesday, 25 July 2023
Latest time to lodge transfer documents of nil-paid Rights Shares in order to qualify for the payment of Net Gain	4:00 p.m. on Friday, 28 July 2023
Latest time for acceptance of and payment for the Rights Shares	4:00 p.m. on Friday, 28 July 2023
Announcement of the number of the Unsubscribed Rights Shares and ES Unsold Rights Shares subject to the Compensatory Arrangements	Wednesday, 2 August 2023
Commencement of placing of Unsubscribed Rights Shares and ES Unsold Rights Shares by the Placing Agents	Thursday, 3 August 2023
Latest time of placing of the Unsubscribed Rights Shares and ES Unsold Rights Shares by the Placing Agents	6:00 p.m. on Wednesday, 9 August 2023
Latest time for the Rights Issue and placing of the Unsubscribed Rights Shares and ES Unsold Rights Shares to become unconditional	Thursday, 10 August 2023
Announcement of the results of Rights Issue (including results of the placing of 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) to be posted on the Stock Exchange's website and the Company's website	Friday, 11 August 2023

EXPECTED TIMETABLE

Refund cheques, if any, to be despatched (if the Rights Issue does not proceed)	Monday, 14 August 2023
Share certificates for fully-paid Rights Shares to be despatched	Monday, 14 August 2023
Expected commencement of dealings in fully-paid Rights Shares.	9:00 a.m. on Tuesday, 15 August 2023
Designated broker starts to stand in the market to provide matching services for odd lots of Shares	Tuesday, 15 August 2023
Payment of the Net Gain to relevant No Action Shareholders (if any) or Excluded Shareholders (if any)	Monday, 28 August 2023
Designated broker ceases to provide matching services for odd lot of Shares	Friday, 1 September 2023

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

Dates or deadlines specified in the expected timetable above are indicative only and may be extended or varied by the Company in agreement with the Placing Agents and in accordance with the Listing Rules. Any changes to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

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

Whenever any part of the expected timetable of the Rights Issue as enlisted in the provisions of the Placing Agreement may be interrupted by a typhoon, a black rainstorm warning or Extreme Conditions, the Company shall properly inform the Shareholders of the corresponding contingency arrangements, which contingency arrangements shall include the Latest Time for Acceptance not taking place on the time as scheduled:

- (a) if a tropical cyclone warning signal no. 8 or above, a black rainstorm warning and/or Extreme Conditions is in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the day on which the Latest Time for Acceptance is initially scheduled to fall, the Latest Time for Acceptance be extended to 5:00 p.m. on the same Business Day; or

EXPECTED TIMETABLE

- (b) if a tropical cyclone warning signal no. 8 or above, a black rainstorm warning and/or Extreme Conditions is in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the day on which the Latest Time for Acceptance is initially scheduled to fall, the Latest Time for Acceptance be extended 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 or before 4:00 p.m. on Friday, 28 July 2023, the dates mentioned herein may be affected. The Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable of the Rights Issue as soon as practicable.

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 25 May 2023 in relation to, among other things, the Rights Issue
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	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 issued or remains issued between 9:00 a.m. and 12:00 noon and is not cancelled at or before 12:00 noon or on which a “black” rainstorm warning is in effect 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 June 2023 in relation to, among other things, the Rights Issue and Notice of Special General Meeting
“Cheong Lee Securities Limited”	Cheong Lee Securities Limited, a licensed corporation to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities) and type 5 (advising on future contracts) 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

DEFINITIONS

“Company”	China Investment Development Limited, a company incorporated in Cayman Islands and continued in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange (Stock Code: 204)
“Compensatory Arrangements”	placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares by the Placing Agents on a best effort basis pursuant to the Placing Agreement in accordance with Rule 7.21(1)(b) of the Listing Rules
“connected persons”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“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) whom the Directors, after making enquiries, consider it necessary or expedient not to offer the Rights Shares to such Shareholder(s) on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place
“Extreme Conditions”	the extreme conditions as announced by any Hong Kong Government department or body or otherwise, whether or not under or pursuant to the revised “Code of Practice in Times of Typhoons and Rainstorms” issued by the Labour Department in June 2019 in the event of serious disruption of public transport services, or government services, extensive flooding, major landslides or large-scale power outage after typhoons or incidents similar in seriousness or nature

DEFINITIONS

“Group”	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 People’s Republic of China
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons within the meaning of the Listing Rules
“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
“Investment Manager”	Evergrande Securities (HK) Limited, a licensed corporation permitted to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under SFO, and investment manager of the Company
“Last Trading Day”	25 May 2023, being the last trading day for the Shares on the Stock Exchange before the release of the Announcement
“Latest Practicable Date”	10 July 2023, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information contained herein

DEFINITIONS

“Latest Time for Acceptance”	4:00 p.m. on Friday, 28 July 2023 or such later time or date as may be agreed between the Parties in writing, being the latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus Documents
“Listing Committee”	has the meaning ascribed thereto under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	Thursday, 10 August 2023 or such later date as may be agreed between the Placing Agents and the Company
“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 Agents under the Compensatory Arrangements
“Nil Paid Rights”	rights to subscribe for Rights Shares before the Subscription Price is paid
“No Action shareholder(s)”	Qualifying Shareholders or their renounees who do not subscribe for the Rights Shares (whether partially or fully) under the PAL(s), or such persons who hold any Nil Paid Rights at the time such Nil Paid Rights lapse
“Overseas Shareholders”	such Shareholder(s) whose registered address(es) (as shown in the register of members of the Company at the close of business on the Record Date) is/are situated outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) for the Rights Shares to be issued to the Qualifying Shareholders in respect of their entitlements under the Rights Issue

DEFINITIONS

“Placee(s)”	any individuals, corporate, institutional investor(s) or other investor(s), who are professional investors as defined under the Securities and Futures Ordinance (Cap 571), who and whose ultimate beneficial owner(s) shall be the Independent Third Party(ies), procured by the Placing Agents and/or their sub placing agent(s) to subscribe for any of the Unsubscribed Rights Shares and the ES Unsold Rights Shares pursuant to the Placing Agreement
“Placing Agents”	Cheong Lee Securities Limited and Silverbricks Securities Company Limited
“Placing Agreement”	Conditional placing agreement dated 25 May 2023 entered into between the Company and the Placing Agents in relation to the placing of 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
“Poll Result Announcement”	the announcement of the Company dated 3 July 2023 in relation to, among other things, the poll results of the SGM
“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 (including any supplementary prospectus, if any) to be despatched to the Shareholders in connection with the Rights Issue
“Prospectus Documents”	the Prospectus and the PAL and any supplementary prospectus or supplementary provisional allotment letter (if required)

DEFINITIONS

“Prospectus Posting Date”	Friday, 14 July 2023 or such other date as may be agreed between the Parties in writing, being the date for the despatch of the Prospectus Documents (in case of Excluded Shareholder(s), the Prospectus only)
“Public Float Requirement”	the public float requirement under Rule 8.08 of the Listing Rules
“Qualifying Shareholders”	the Shareholders whose names appear on the register of members of the Company at the close of business on the Record Date, other than the Excluded Shareholders
“Record Date”	Thursday, 13 July 2023 or such other date as may be agreed between the Parties in writing, being the date for the determination of the entitlements under the Rights Issue
“Registrar”	Union Registrars Limited, being the branch share registrar and transfer office of the Company in Hong Kong at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong
“Rights Issue”	the proposed issue of the Rights Shares for subscription by the Qualifying Shareholders on the basis of one (1) Rights Share for every one (1) existing Share in issue and held on the Record Date at the Subscription Price payable in full on application and otherwise on the terms and subject to the conditions set out in the Placing Agreement and the Prospectus Documents
“Rights Share(s)”	up to 363,582,506 new Shares for subscription by the Qualifying Shareholders by way of the Rights Issue
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), including its amendments from time to time

DEFINITIONS

“SGM”	A special general meeting of the Company to be held and convened to consider and approve the Rights Issue, the Placing Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) with par value of HK\$0.10 each in the share capital of the Company
“Share Option(s)”	as at the date of this Prospectus, 3,187,647 outstanding share options granted under the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company on 28 December 2018
“Shareholder(s)”	holder(s) of the Share(s)
“Silverbricks Securities Company Limited”	Silverbricks Securities Company Limited, a licensed corporation to carry out type 1 (dealing in securities), type 2 (dealing in futures contracts) and type 6 (advising on corporate finance) 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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	The subscription price of HK\$0.15 per Rights Share
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers issued by the SFC (as amended and supplemented from time to time)
“Unsubscribed Rights Shares”	the Rights Shares that are not subscribed by the Qualifying Shareholders
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent

LETTER FROM THE BOARD



CHINA INVESTMENT DEVELOPMENT LIMITED

中國投資開發有限公司

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

(Stock Code: 204)

Executive Directors:

Mr. Chan Cheong Yee

Mr. Chan Yiu Pun Clement

Non-executive Directors:

Mr. Han Zhenghai (*Chairman of the Board*)

Mr. Deng Dongping

Mr. Liu Lihan

Mr. Zhu Zhikun

Mr. Lyu Ping

Ms. Mo Xiuping

Independent non-executive Directors:

Ms. Mo Li

Mr. Shi Zhu

Ms. Chen Shunqing

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Principal Place of business

in Hong Kong:

Suite 6303, 63/F, Central Plaza

18 Harbour Road

Wanchai

Hong Kong

14 July 2023

*To the Qualifying Shareholders and,
for information purpose only, the Excluded Shareholders*

Dear Sir or Madam,

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

LETTER FROM THE BOARD

1. INTRODUCTION

Reference is made to the Announcement, the Circular and the Poll Result Announcement in relation to, among other matters, the Rights Issue. On 25 May 2023, the Company proposes to implement the Rights Issue on the basis of one (1) Rights Share for every one (1) existing Share held on the Record Date at the Subscription Price of HK\$0.15 per Rights Share, to raise gross proceeds of approximately HK\$54.5 million before deducting the costs and expenses (assuming no change in the number of Shares in issue other than the full exercise of outstanding Share Options on or before the Record Date), by way of the Rights Issue of up to 363,582,506 Rights Shares to the Qualifying Shareholders. The Rights Issue is not underwritten and will not be extended to the Excluded Shareholder(s) (if any).

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.

PROPOSED RIGHTS ISSUE

The Company proposes to raise gross proceeds of approximately HK\$54.5 million before deducting the costs and expenses (assuming no change in the number of Shares in issue other than the full exercise of outstanding Share Options on or before the Record Date), by way of the Rights Issue of up to 363,582,506 Rights Shares to the Qualifying Shareholders. The Rights Issue is not underwritten and will not be extended to the Excluded Shareholder(s) (if any).

Further details of the Rights Issue are summarised below:

Issue statistics

Basis of Rights Issue:	One (1) Rights Share for every one (1) existing Share held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price:	HK\$0.15 per Rights Share
Number of Shares in issue as at the Latest Practicable Date:	360,394,859 Shares

LETTER FROM THE BOARD

Number of Rights Shares to be issued pursuant to the Rights Issue:	Up to 360,394,859 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date); or Up to 363,582,506 Rights Shares (assuming no change in the number of Shares in issue other than the full exercise of outstanding Share Options on or before the Record Date)
Aggregate nominal value of the Rights Shares:	Up to HK\$36,039,485.9 (assuming no change in the number of Shares in issue on or before the Record Date); or Up to HK\$36,358,250.6 (assuming no change in the number of Shares in issue other than the full exercise of outstanding Share Options on or before the Record Date)
Total number of Shares in issue immediately upon completion of the Rights Issue:	Up to 720,789,718 Shares (assuming no change in the number of Shares in issue or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue); or Up to 727,165,012 Shares (assuming no change in the number of Shares in issue other than the full exercise of outstanding Share Options on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)
Maximum funds raised before expenses:	Up to approximately HK\$54.1 million (assuming no change in the number of Share in issue on or before the Record Date and all the Rights Shares will be taken up) Up to approximately HK\$54.5 million (assuming all outstanding Share Options are exercised in full on or before the Record Date, but otherwise no further issue or repurchase of Shares on or before the Record Date and all the Rights Shares will be taken up)

LETTER FROM THE BOARD

As at the Latest Practicable Date, there are 3,187,647 outstanding Share Options granted by the Company exercisable into 3,187,647 Shares. Save for the aforesaid, the Group had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares as at the Latest Practicable Date. As at the Latest Practicable Date, the Board has not received any information or other undertakings from any Shareholders of their intention to take up or not to take up the securities of the Company to be offered to them under the Rights Issue. The Company has no intention to issue or grant any Shares, convertible securities, warranties and/or options on or before the Record Date.

Assuming no further issue or repurchase of Shares other than the full exercise of outstanding Shares Options on or before the Record Date, the number of 363,582,506 Rights Shares to be issued and allotted pursuant to the Rights Issue represent (i) approximately 100.88% of the existing issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 50.00% of the total number of issued Shares as enlarged by the allotment and issuance of the Rights Shares immediately after 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 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. There are no applicable statutory requirements under the laws of the Bermuda regarding minimum subscription levels in respect of the Rights Issue.

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 and Share Options 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)(b) of the Listing Rules.

LETTER FROM THE BOARD

Subscription Price

The Subscription Price of HK\$0.15 per Rights Share is payable in full when a Qualifying Shareholder accepts the relevant provisional allotment of Rights Shares or when a transferee of nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 55.88% to the closing price of HK\$0.340 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 41.18% to the closing price of HK\$0.255 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 41.86% to the average closing price of HK\$0.258 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 40.71% to the average closing price of approximately HK\$0.253 per Share as quoted on the Stock Exchange for the ten (10) consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 26.11% to the theoretical ex-rights price of approximately HK\$0.203 per Share based on the closing price of HK\$0.255 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (vi) a discount of approximately 83.78% to the unaudited consolidated net asset value per Share of approximately HK\$0.925 (based on the latest published unaudited consolidated net asset value attributable to Shareholders per Share as at 31 May 2023). The Directors noted that the Shares were traded at a discount to the net asset value per Share throughout the 12-month period immediately prior to the date of the Placing Agreement, of which the discount of the closing price of the Shares as compared with the net asset value per Share ranged from HK\$0.796 per Share to HK\$0.960 per Share. Accordingly, the Directors consider that the net asset value per Share is not a meaningful benchmark to determine the Subscription Price, instead, the prevailing market price of the Shares would be a more appropriate reference in determining the Subscription Price in this regard; and

LETTER FROM THE BOARD

(vii) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 20.39% represented by the theoretical diluted price of approximately HK\$0.203 to the benchmarked price of approximately HK\$0.255 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.255 and the average closing price of approximately HK\$0.255 per Share as quoted on the Stock Exchange for the five (5) consecutive trading days immediately prior to the Last Trading Day).

The Subscription Price was determined with reference to, among other things, the recent market prices of the Shares, the current market conditions and the amount of funds the Company intends to raise under the Rights Issue as discussed in the section headed “Reasons for the Rights Issue and the use of proceeds” in this Prospectus.

The Subscription Price was determined with reference to, among others, (i) the trading price of the Shares over the two months prior to the Last Trading Day (i.e. in the range from HK\$0.239 to HK\$0.470) which has been volatile in comparison to the previous months and which the Directors are unaware of any reason for such volatility; (ii) the theoretical ex-rights price; and (iii) the reasons and benefits of Rights Issue as discussed in the paragraph headed “Reasons for the Rights Issue and the use of proceeds” in this Prospectus. The Directors (including the independent non-executive Directors) consider that each Qualifying Shareholder will be provisionally allotted the Rights Shares at the same Subscription Price in proportion to his/her/its shareholdings held on the Record Date and the terms of the Rights Issue, including the Subscription Price which has been set as a discount to the recent closing prices of the Shares with an objective of encouraging existing Shareholders to take up their provisional allotments so as to participate in the potential growth of the Company, to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Directors consider that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The net price per Rights Share is estimated to be approximately HK\$0.146, if fully subscribed.

Basis of provisional allotment

The basis of the provisional allotment shall be one (1) Rights Share for every one (1) existing Share held by the Qualifying Shareholder 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 completing a PAL and lodging the same with a remittance for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

LETTER FROM THE BOARD

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not be an Excluded Shareholder on the Record Date. Overseas Shareholders whose names appear on the register of members of the Company at the close of business on the Record Date whom the Company, based on legal opinions to be provided by legal advisers, considers necessary or expedient not to offer the Rights Shares 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 will not be regarded as Qualifying Shareholders.

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

Qualifying Shareholders who take up their pro-rata entitlement in full will not suffer 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.**

Rights of Overseas Shareholders

The Prospectus Documents will not be registered or filed 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.

Pursuant to Rule 13.36(2)(a) of the Listing Rules, the Directors have made enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholder(s) under the laws of the relevant overseas jurisdictions and the requirements of the relevant regulatory bodies or stock exchanges. If, after making such enquiries, the Directors are of the opinion that it would be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place to exclude such Overseas Shareholder(s) from the Rights Issue, no Rights Shares (whether in nil-paid or fully-paid form) will be offered to such Overseas Shareholder(s). In such circumstances, the Rights Issue will not be extended to the Excluded Shareholder(s). The basis for excluding the Excluded Shareholders, if any, from the Rights Issue will be set out in the Prospectus. 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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Arrangements will be made for the Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders in their nil-paid form, to be sold in the market as soon as practicable after dealings in the nil-paid Rights Shares commence, and in any event before the last day for dealings in nil-paid Rights Shares if a premium (net of expenses) can be obtained. Proceeds of each sale, less expenses and stamp duty, of not less than HK\$100 will be paid pro-rata (rounded down to the nearest cent) to the relevant Excluded Shareholder(s) in Hong Kong dollars. In view of administrative costs, the Company will retain individual amounts of less than HK\$100 for its own benefit.

Any ES Unsold Rights Shares, which would otherwise have been provisionally allotted to the Excluded Shareholders in nil-paid form, will be placed by the Placing Agents 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.

As at the Latest Practicable Date, there are a total of 8 Overseas Shareholder with registered addresses situated outside Hong Kong in the PRC and the British Virgin Islands, which are interested in aggregate of 113,747,000 Shares, representing approximately 31.56% of the total number of the issued Shares.

In compliance with the Listing Rules, the Directors have made enquiries with the legal advisers of the PRC and British Virgin Islands on whether or not under the laws of the PRC and British Virgin Islands, the Rights Issue could be extended to the PRC and British Virgin Islands Shareholders. The legal advisers to the Company as to the PRC laws and British Virgin Islands laws are of view that there are no legal restrictions in the PRC or British Virgin Islands which prohibit the PRC or British Virgin Islands Shareholders from receiving the Rights Shares under the Rights Issue; and there are no requirements of any relevant regulatory body in the PRC or British Virgin Islands that limits the right of the PRC or British Virgin Islands Shareholder to receive the Rights Shares under the Rights Issue. Accordingly, the extension of the Rights Issue to the PRC and British Virgin Islands Shareholders and the offering of the Rights Shares to them will not violate any applicable law or regulations in PRC or British Virgin Islands. It is the responsibility of the PRC and British Virgin Islands Shareholders to observe the local legal and regulatory requirements applicable to them for taking up and onward sale (if applicable) of the Rights Shares. Based upon such advice, the Directors have decided to extend the Rights Issue to the PRC and British Virgin Islands Shareholders, and the PRC and British Virgin Islands Shareholders shall therefore be Qualifying Shareholders.

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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, Excluded Shareholders should exercise caution when dealing in the Shares.

Distribution of the Prospectus Documents

The Prospectus Documents are not intended to be, have not been and will not be registered or filed under the applicable securities legislation of any jurisdiction other than Hong Kong. The Company will only send this Prospectus accompanied by the other Prospectus Documents to the Qualifying Shareholders on the Prospectus 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).

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 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 should not, in connection with the Rights Issue, distribute or send the same in, into or from, or transfer the Nil Paid Rights to any person in, into or from, any such jurisdiction. If a PAL or a credit of Nil Paid Rights 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 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.

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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.

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully paid, will rank pari passu in all respects among themselves and with the Shares in issue at the time. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid by the Company after the date of allotment and issue of the Rights Shares. 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, investor compensation levy or any other applicable fees and charges in Hong Kong.

Fractional entitlements to the Rights Shares

On the basis of provisional allotment of one (1) Rights Share for every one (1) existing Share held on the Record Date, no fractional entitlements to the Rights Shares shall be issued to the Shareholders.

The Company will not provisionally allot and will not accept application for any fractions of the Rights Shares. All fractions of the Rights Shares will be aggregated and sold by the Company in the open market if a premium (net of expenses) can be obtained. Any unsold fractions of the Rights Shares will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Procedures for acceptance, splitting of PAL 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 Friday, 28 July 2023 (or, under bad weather conditions, such later time and/or date as mentioned in the section headed "Effect of bad weather 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 banker's cashier orders which must be issued by, a licensed bank in Hong Kong and made payable to "CHINA INVESTMENT DEVELOPMENT LIMITED" and crossed

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“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 Friday, 28 July 2023, 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.

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 Thursday, 20 July 2023 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 second Business Day following the surrender of the original PAL. This process is commonly referred to as “splitting” of nil-paid Rights Shares. It should be noted that Hong Kong ad valorem 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. 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 on Thursday, 10 August 2023 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, 14 August 2023.

Cheques and cashier orders

All cheques and cashier’s orders accompanying completed PALs will be presented for payment immediately upon receipt and all interests earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier’s order in payment for the Rights Shares, whether by a Qualifying Shareholder or any nominated transferee, will constitute a warranty by the applicant that the cheque or the cashier’s order will be

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honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the accompanying cheque or cashier's order is dishonoured on first presentation, and in that event the relevant provisional allotment of Rights Shares and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled. You must pay the exact amount payable upon application for Rights Shares, and any underpaid application will be rejected. In the event of an overpaid application, a refund cheque, without interest, will be made out to you only if the overpaid amount is HK\$100 or above. No receipt will be issued in respect of any PAL and/or relevant remittance received.

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 Unsubscribed Rights Shares and the ES Unsold Rights Shares and the Compensatory Arrangements

The Company will make arrangements described in Rule 7.21(1)(b) of the Listing Rule 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 Shareholders to whom they were offered by way of the Rights Issue. There will be no excess application arrangements in relation to the Rights Issue.

The Company therefore appointed the Placing Agents to place the Unsubscribed Rights Shares and the ES Unsold Rights Shares after the Latest Time for Acceptance of the Rights Shares to be allotted and issued under the Rights Issue to independent Placees on a best effort basis. Any premium over the Subscription Price for those Rights Shares that is realised will be paid to the No

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Action Shareholders and Excluded Shareholders on a pro-rata basis. The Placing Agents will, on a best effort basis, procure, by not later than 6:00 p.m., on Wednesday, 9 August 2023, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and the ES Unsold Rights Shares if a premium over the Subscription Price and the expenses of procuring such acquirers (including any related commissions and any other related expenses/fees) can be obtained. 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.

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);
- (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 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 are reminded that Net Gain may or may not be realised, and accordingly the No Action Shareholders and the Excluded Shareholders may or may not receive any Net Gain.

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THE PLACING AGREEMENT

On 25 May 2023 (after trading hours), the Company and the Placing Agents entered into the Placing Agreement, pursuant to which the Placing Agents has conditionally agreed as agents of the Company (either by themselves or through their sub-placing agents) to procure independent Placers, on a best effort basis, to subscribe for the Unsubscribed Rights Shares and the ES Unsold Rights Shares. Details of the Placing Arrangement are as follows:

Date: 25 May 2023 (after trading hours)

Parties: (i) the Company, as issuer; and
(ii) the Placing Agents

Placing Agents: Cheong Lee Securities Limited and Silverbricks Securities Company Limited, appointed as the Placing Agents to place the Unsubscribed Rights Shares and the ES Unsold Rights Shares on a best effort basis.

The Placing Agents confirmed that they are independent of and not connected with the Company and its connected person and not a connected person of the Company.

Fees and expenses: 1.0% 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 Agents pursuant to the terms of the Placing Agreement and reimbursed for the expenses in relation to the placing of the Unsubscribed Rights Shares and ES Unsold Rights Shares, which the Placing Agents are authorised to deduct from the payment to be made by the Placing Agents to the Company at completion.

Placing price of each of the Unsubscribed Rights Share and/or the ES Unsold Rights Share (as the case may be): The placing price of each of the Unsubscribed Rights Share and/or the ES Unsold Rights Share (as the case may be) shall not be less than the Subscription Price.

The final price determination will be dependent on the demand for and market conditions of the Unsubscribed Rights Shares and/or the ES Unsold Rights Shares.

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- Placees: Any individuals, corporate, institutional investor(s) or other investor(s) who are professional investors as defined under the SFO (Cap 571), who and whose ultimate beneficial owner(s) shall be Independent Third Party(ies), procured by the Placing Agents and/or Sub-Placing Agents to subscribe for any of the Unsubscribed Rights Shares and the ES Unsold Rights Shares pursuant to the Placing Agreement and the subscription amount of each placee shall not be less than HK\$500,000.
- Ranking of the Unsubscribed Rights Shares and the ES Unsold Rights Shares: The Unsubscribed Rights Shares and the ES Unsold Rights Shares (when placed, allotted, issued and fully paid) shall rank pari passu in all respects inter se and with all other Shares then in issue.
- Termination of the Placing Agreement: The Placing Arrangement shall end on the Long Stop Date or any other date by mutual written agreement between the Placing Agents and the Company.
- If any of the following events occur at any time prior to the Long Stop Date, the Placing Agents may (after such consultation with the Company and/or its advisers as the circumstances shall admit or be necessary), by giving a written notice to the Company, at any time on or prior to the Long Stop Date, terminate the Placing Agreement without liability to the other parties hereto and, subject to the clauses stated on the Placing Agreement which shall continue, the Placing Agreement shall thereupon cease to have effect and none of the parties hereto shall have any rights or claims by reason thereof save for any rights or obligations which may accrue under the Placing Agreement prior to such termination:
- (a) in the reasonable opinion of the Placing Agents there shall have been since the date of the Placing Agreement such a change in national or international financial, political or economic conditions or taxation or exchange controls as would be likely to prejudice materially the consummation of the Placing; or

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- (b) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any matter whatsoever which may adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (c) any material breach of any of the representations and warranties comes to the knowledge of the Placing Agents or any event occurs or any matter arises on or after the date hereof and prior to the Long Stop Date which if it had occurred or arisen before the date hereof would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of this Agreement; or
- (d) there is any adverse change in the financial position of the Company which in the reasonable opinion of the Placing Agents is material in the context of the Placing.

Conditions precedent:

The Placing is conditional upon the fulfillment of the following conditions:

- (i) the Listing Committee of the Stock Exchange granting approval for the listing of, and the permission to deal in, the Rights Shares;
- (ii) none of the representations, warranties or undertakings contained in this 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

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(iii) the Placing Agreement not having been terminated in accordance with the provisions thereof.

The Placing Agents may, in its absolute discretion, waive the fulfillment of all or any or any part of the conditions (other than those set out in paragraph (i) above) by notice in writing to the Company.

Completion:

Subject to the fulfillment of the conditions set out in the above conditions (i) to (iii), the completion of the Placing under the Placing Agreement shall take place at the offices of the Placing Agents within six (6) 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 Rights Issue 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 Agents may agree.

The engagement between the Company and the Placing Agents for the placing of the Unsubscribed Rights Shares and the ES Unsold Rights Shares was determined after arm's length negotiations between the Placing Agents and the Company 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 the terms of the Placing Arrangement for the Unsubscribed Rights Shares and the 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; and (ii) a compensatory mechanism for No Action Shareholders and the Excluded Shareholders, the Directors considers 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 made an application to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue. 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 other stock exchange.

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Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be in the board lots of 20,000 Rights Shares, will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy or any other applicable fees and charges in Hong Kong.

Rights Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms 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 licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Stamp duty and other applicable fees

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

Qualifying Shareholders are recommended to consult their professional advisers if they are in doubt as to the taxation implications of subscribing for the Rights Shares, or about purchasing, holding or disposals of, or dealings in or exercising any rights in relation to the Shares or the Rights Shares, and similarly, the Excluded Shareholders (if any) as regards their receipt of the net proceeds of sale of the Rights Shares otherwise falling to be issued to them under the Rights Issue under the laws of jurisdictions in which they are liable to taxation. It is emphasised that none of the Company, the Directors nor any other parties involved in the Rights Issue accepts responsibility for any tax effects on, or liabilities of, any person resulting from subscribing for, purchasing, holding, disposal of, dealings in or exercising any rights in relation to the Shares or the Rights Shares.

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Share certificates and refund cheques for the Rights Issue

Subject to the fulfilment of the conditions of the Rights Issue as set out below, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered addresses, at their own risks, on or before Monday, 14 August 2023. Each Shareholder (except HKSCC Nominees Limited) will receive one share certificate for all allotted Shares. If the Rights Issue does not become unconditional, refund cheques, without interest, in respect of application monies received are expected to be despatched on or before Monday, 14 August 2023 by ordinary post at the respective Shareholders' own risk to the registered address of the relevant applicant, or in case of joint applicants, to the address of the first-named person.

Conditions of the Rights Issue

The Rights Issue is conditional upon:

- (a) the delivery to the Stock Exchange for authorization and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly certified by two members of the governing body of the Company as having been approved by a resolution of the Board on a certain date in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) and the Listing Rules not later than the Prospectus Posting Date;
- (b) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a 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 on or before the Prospectus Posting Date;
- (c) 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 the Rights Shares (in their nil-paid and fully-paid forms); and
- (d) the Placing Agreement not being terminated.

The Company shall use all reasonable endeavours to procure the fulfilment of all the above conditions by the respective dates specified above.

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Arrangement on odd lot trading

Upon completion of the Rights Issue, the board lots of the Company will remain as 20,000 Shares. In order to facilitate the trading of odd lots of Shares which will arise upon the Rights Issue, the Company has appointed Cheong Lee Securities Limited to stand in the market and provide matching services on a best effort basis for the holders of odd lots of Shares during the period from 9:00 a.m. on Tuesday, 15 August 2023 to 4:00 p.m. on Friday, 1 September 2023 (both days inclusive). Holders of odd lots Shares who wish to take advantage of this facility either to dispose of their odd lots of Shares or to top up to board lots of 20,000 Shares should contact Ms. Linda Yu of the Cheong Lee Securities Limited at Unit B, 15/F., Bank of East Asia Harbour View Center, 56 Gloucester Road, Wanchai, Hong Kong or at telephone number (852) 3426 6338 during office hours of such period. Holders of Shares in odd lots should note that the matching services mentioned above are on a best effort basis only and successful matching of the sale and purchase of odd lots of Shares is not guaranteed and will depend on there being adequate amount of odd lots of Shares available for matching. Shareholders are advised to consult their financial advisers if they are in doubt about the above arrangements.

REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

The Company is an investment company listed under Chapter 21 of the Listing Rules and its purpose is to achieve medium to long-term capital appreciation as well as income from interest and dividend by investing principally in listed and unlisted securities.

Assuming full subscription under the Rights Issue, the gross proceeds from the Rights Issue will be approximately HK\$54.5 million and the estimated net proceeds of the Rights Issue will be approximately HK\$53.2 million. The estimated expenses of the Rights Issue are approximately HK\$1.3 million, which include placing commission and professional fees payable to the financial advisers, legal counsels, financial printer and other parties involved in the Rights Issue and will be borne by the Company. The net subscription price per Rights Share is expected to be approximately HK\$0.146.

The Company intends to use the net proceeds from the Rights Issue for the following purposes:

- (i) approximately 83.1% (or approximately HK\$44.2 million), will be used for repayment of the Group's bonds principal amount and accrued interests. As at the Latest Practicable Date, the four short-term bond agreements with independent parties at value of approximately HK\$10.00 million, HK\$8.00 million, HK\$22.00 million and HK\$2.27 million respectively and maturity dates of the bonds outstanding are up to 4 August 2023, 25 August 2023, 25 October 2023 and 29 March 2024 respectively; and

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- (ii) approximately 16.9% (or approximately HK\$9.0 million) will be used as the general working capital of the Group mainly including salaries, rental and management fee and legal and professional fee.

When the Company entered into the said bond agreements on 5 August 2022, 26 July 2022, 26 October 2022 and 30 March 2023 respectively, the Board assessed the internal resources and investments on hands and based on the market value of those investments available at that time, planned to settle the debts by realizing the listed securities on hand and the debt securities upon their maturity.

Details of the debt securities is shown below:

Maturity dates	Issuers	Amount <i>(approximate HK\$'000)</i>
7/8/2023	Issuer A	11,399
24/10/2023	Issuer A	18,238
27/10/2023	Issuer B	22,797
11/11/2023	Issuer C	41,035
15/12/2023	Issuer A	11,399
27/2/2024	Issuer D	10,011

The Board at the first stage planned to settle the first bond to be matured on 4 August 2023 by realizing the listed securities on hand and the remaining bonds by the debt securities upon their maturity stated in the above. The Directors confirmed that at that time China was still in the midst of the COVID-19 lockdown, the Company placed the utmost importance on pandemic prevention and control, and closely monitor the day-to-day operations and management of its principal businesses to reduce the adverse impacts on the Group's operations and financial performance caused by the pandemic. Given that the Company is an Investment Company listed under Chapter 21 of the Listing Rules, the Company has conducted periodical review on its investment and concluded in September 2022 that its investment in listed securities could provide good return with potential for future appreciation to the Company. Besides, in order to increase the size of the Group's investment portfolio, the Company is always searching for new investment opportunity and taking advantage of a difference in interests in two or more instruments. The Company then pledged the listed securities on 21 October 2022 to obtain the bond which to be matured on 25 October 2023 with a relative low yield compared to the market for continuing investment in listed and unlisted investment. The Company is unable to release such listed security to repay the bond with the earliest maturity date on 4 August 2023. The Company also approached all the debt securities' issuers to request for the early redemption of the debt securities. However, those debt securities' issuers do not agree to have such early redemption.

LETTER FROM THE BOARD

The sentiment of capital markets has rapidly changed after lifting of the pandemic restrictions in China. The Board has reassessed recent market condition and determined that the Company should adopt a more active approach in its investment strategies as the markets gained momentum on back of robust recovery in the Chinese economy. In fact, the listed securities held by the Company have made substantial gains this year and the Company considered that it should continue to hold on to these listed securities for medium to long term appreciation. In addition, the Directors consider that the debt securities on hand are enjoying a relative high yield compared to other fixed income securities in China. The Company then planned to continue to invest in those debt securities after their maturity. Therefore, the Company does not have sufficient fund to repay the bonds.

As at 31 March 2023, there was approximately HK\$121.6 million of other receivables, deposits and prepayments which mainly contributed by deposits paid for three potential venture investments in PRC with carrying amount of approximately HK\$120.7 million. Subsequently to 31 March 2023, the Group has completed the acquisition for three venture investments in PRC by way of fully utilised the carrying amount of approximately HK\$120.7 million. Details are set out in the Company's annual results announcement date 29 June 2023 under the heading of events after reporting period.

Furthermore, the bank balance of the Group was approximately HK\$1.1 million as at 31 May 2023 which is not sufficient to repay the bonds. The Company also approached its principal bankers and other borrowers to obtain additional funding. However, the Company have been rejected. It is unfavorable for the Company to borrow funding as the Company do not have assets to be pledged and have net loss financial position in the past few years. In view of the above, the Company considered that it would be in the interest of the Company and its shareholders as a whole to conduct the Rights Issue to repay the bonds and as general working capital. The Board is of the view that the Rights Issue can serve the intended purpose of broadening the capital base of the Company. The Board expects that the Rights Issue will enable the Group to achieve improvement in its financial position and strengthening its competitiveness. The Board considers and reviews investment opportunities from time to time. As at the Latest Practicable Date, the Company has not entered into any agreement related to investment and there is no investment proposal to be secured. In light of the prevailing volatile market conditions and the uncertainty brought about by the tension between the US and China as a result of the trade war, and the uncertainty on the operation of the Group as a result of the COVID-19 pandemic, the Board is of the view that it would be in the best interest of the Company and the Shareholders as a whole to repay the Group's bonds principal amount and accrued interests and be used as the general working capital of the Group.

LETTER FROM THE BOARD

The funding required will depend on the availability of potential investees and the results of our researches and study procedures on them. Subject to the decision of the Board and the actual fund raised by the Rights Issue, the Company will adjust the selection criteria on the potential investment targets.

The Company considers that the placing obligations of the Placing Agents are more or less similar to an underwriter of the Rights Issue (except that the Placing Agents are on best effort basis). As such, the Company subsequently decided to conduct the Rights Issue on non-underwritten basis and to adopt the Placing Arrangement simultaneously in order to ensure sufficient funds could be raised.

Based on the above, the Board considers that raising capital through the Rights Issue is fair and reasonable and in the interests of the Company and the Shareholders as a whole. **However, those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Excluded Shareholder(s) (if any) should note that their shareholdings will be diluted.**

SHAREHOLDING STRUCTURES

Set out below are the shareholding structures of the Company as at the Latest Practicable Date to immediately after completion of the Rights Issue assuming (i) no exercise of the outstanding Share Options on or before the Record Date; and (ii) the exercise of all the outstanding Share Options in full on or before the Record Date, (a) as at the Latest Practicable Date; (b) immediately upon completion of the Rights Issue assuming full acceptance of the Rights Shares by the existing Shareholders; and (c) 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 Agents:

LETTER FROM THE BOARD

Scenario 1: assuming no exercise of the outstanding Share Options on or before the Record Date

Shareholders	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 Agents					
	At the Latest Practicable Date		assuming full acceptance of the Rights Shares by the existing Shareholders		assuming full acceptance of the Rights Shares by the existing Shareholders	
	<i>Number of Shares</i>	<i>Approximately (Note 1)</i>	<i>Number of Shares</i>	<i>Approximately (Note 1)</i>	<i>Number of Shares</i>	<i>Approximately (Note 1)</i>
Substantial Shareholders						
Lanzhou Wile Home Furnishing Service Co. Limited	36,000,000	9.99%	72,000,000	9.99%	36,000,000	4.99%
Shuo Kang International Limited	29,072,000	8.07%	58,144,000	8.07%	29,072,000	4.03%
Yeung Weixu	26,611,000	7.38%	53,222,000	7.38%	26,611,000	3.69%
Tse Yun Lam Aries	25,352,200	7.03%	50,704,400	7.03%	25,352,200	3.52%
Sub-total	<u>117,035,200</u>	<u>32.47%</u>	<u>234,070,400</u>	<u>32.47%</u>	<u>117,035,200</u>	<u>16.23%</u>
Directors						
Han Zhenghai	10,068,000	2.79%	20,136,000	2.79%	10,068,000	1.40%
Zhu Zhikun	4,890,000	1.36%	9,780,000	1.36%	4,890,000	0.68%
Sub-total	<u>14,958,000</u>	<u>4.15%</u>	<u>29,916,000</u>	<u>4.15%</u>	<u>14,958,000</u>	<u>2.08%</u>
Public Shareholders						
Places	—	—	—	—	360,394,859	50.00%
Other public Shareholders	228,401,659	63.38%	456,803,318	63.38%	228,401,659	31.69%
Sub-total	<u>228,401,659</u>	<u>63.38%</u>	<u>456,803,318</u>	<u>63.38%</u>	<u>588,796,518</u>	<u>81.69%</u>
Total	<u><u>360,394,859</u></u>	<u><u>100.00%</u></u>	<u><u>720,789,718</u></u>	<u><u>100.00%</u></u>	<u><u>720,789,718</u></u>	<u><u>100.00%</u></u>

LETTER FROM THE BOARD

Scenario 2: assuming the exercise of all outstanding Share Options in full on or before the Record Date

Shareholders	At the Latest Practicable Date		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 Agents			
	Number of Shares	Approximately (Note 1)	assuming full acceptance of the Rights Shares by the existing Shareholders	Number of Shares	Approximately (Note 1)	Number of Shares
Substantial Shareholders						
Lanzhou Wile Home Furnishing Service Co. Limited	36,000,000	9.99%	72,000,000	9.90%	36,000,000	4.95%
Shuo Kang International Limited	29,072,000	8.07%	58,144,000	8.00%	29,072,000	4.00%
Yeung Weixu	26,611,000	7.38%	53,222,000	7.32%	26,611,000	3.66%
Tse Yun Lam Aries	25,352,200	7.03%	50,704,400	6.97%	25,352,200	3.48%
Sub-total	117,035,200	32.47%	234,070,400	32.19%	117,035,200	16.09%
Directors (the “Six Directors”)						
Han Zhenghai (Note 2)	10,068,000	2.79%	21,900,370	3.01%	10,950,185	1.51%
Zhu Zhikun	4,890,000	1.36%	9,780,000	1.35%	4,890,000	0.67%
Deng Dongping (Note 3)	—	—	1,764,370	0.24%	882,185	0.12%
Liu Lihan (Note 4)	—	—	1,764,370	0.24%	882,185	0.12%
Mo Li (Note 5)	—	—	176,436	0.02%	88,218	0.01%
Shi Zhu (Note 6)	—	—	200,000	0.03%	100,000	0.02%
Sub-total	14,958,000	4.15%	35,585,546	4.89%	17,792,773	2.45%
Public Shareholders						
Options Holders except the Six Directors	—	—	705,748	0.10%	352,874	0.05%
Places	—	—	—	—	363,582,506	50.00%
Other public Shareholders	228,401,659	63.38%	456,803,318	62.82%	228,401,659	31.41%
Sub-total	228,401,659	63.38%	457,509,066	62.92%	592,337,039	81.46%
Total	360,394,859	100.00%	727,165,012	100.00%	727,165,012	100.00%

Notes:

- The percentage figures have been subject to rounding adjustments. Any discrepancies between totals and sums of amounts listed herein are due to rounding adjustments.
- Mr. Han Zhenghai, who is the non-executive Director, beneficially owns 882,185 Share Options.
- Mr. Deng Dongping, who is the non-executive Director, beneficially owns 882,185 Share Options.

LETTER FROM THE BOARD

4. Mr. Liu Lihan, who is the non-executive Director, beneficially owns 882,185 Share Options.
5. Ms. Mo Li, who is the independent non-executive Director, beneficially owns 88,218 Share Options.
6. Mr. Shi Zhu, who is the independent non-executive Director, beneficially owns 100,000 Share Options.

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.

POSSIBLE ADJUSTMENT TO THE OUTSTANDING SHARE OPTIONS

As at the Latest Practicable Date, there are 3,187,647 outstanding share options under the Share Option Scheme. Pursuant to the terms and conditions of the Share Option Scheme and the Listing Rules, the exercise price and/or the number of the outstanding Share Options granted under the Share Option Scheme will be adjusted upon exercise of the Share Options under the Share Option Scheme as a result of the Rights Issue. The auditors of the Company (as the case may be) will be appointed to certify the necessary adjustments to the exercise prices and numbers of the Share Options. Further announcement will be made in respect of the said adjustments as and when appropriate.

LETTER FROM THE BOARD

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has conducted the following equity fund raising activities during the past 12 months immediately preceding the Latest Practicable Date:

Date of initial announcement	Fund raising activity	Net proceeds raised	Intended use of proceeds	Actual use of proceeds as at the Latest Practicable Date
15 September 2022	Placing new shares under general mandate	Approximately HK\$37.4 million	Future investment opportunities as may be identified from time to time, repayment of borrowings and general working capital of the Group	Approximately HK\$17.4 million for a commercial bill in public transport sector; approximately HK\$6.0 million for investment in Hong Kong listed company in logistics sector; approximately HK\$10.0 million for investment in United States dollar denominated fund; and approximately HK\$4.0 million for general working capital

As at the Latest Practicable Date, save for the Rights Issue, there is no agreement, arrangement, understanding, intention, negotiation (concluded or otherwise) for any fund-raising activity for the Group in the coming 12 months; and the Company has no intention to carry out any other corporate actions or arrangements that may affect the trading in the Shares (including share consolidation, share subdivision and change in board lot size) in the coming 12 months.

LETTER FROM THE BOARD

WARNING OF THE RISKS OF DEALINGS IN THE EXISTING 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.

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 and/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.

By order of the Board
China Investment Development Limited
Han Zhenghai
Chairman

1. SUMMARY OF FINANCIAL INFORMATION

The audited financial information of the Company are disclosed in the annual reports of the Company for the years ended 31 March 2020 (pages 46 to 131), 2021 (pages 51 to 127) and 2022 (pages 81 to 175) and the annual results announcement of the Company for the year ended 31 March 2023, which are published on 26 August 2020, 26 July 2021, 13 July 2022 and 29 June 2023 respectively. The above mentioned financial information is available on the website of the Company at <http://www.chinainvestment.com.hk> and the website of the Stock Exchange at www.hkexnews.hk:

- (a) the annual report of the Company for the year ended 31 March 2020 in relation to the financial information of the Group for the same year (<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0826/2020082600378.pdf>);
- (b) the annual report of the Company for the year ended 31 March 2021 in relation to the financial information of the Group for the same year (<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0726/2021072601136.pdf>);
- (c) the annual report of the Company for the year ended 31 March 2022 in relation to the financial information of the Group for the same year (<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0713/2022071300346.pdf>);
and
- (d) the annual results announcement of the Company for the year ended 31 March 2023 in relation to the financial information of the Group for the same year (<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0629/2023062901945.pdf>).

2. STATEMENT OF INDEBTEDNESS

Indebtedness

As at 31 May 2023, being the latest date for the purpose of liquidity disclosure in this Prospectus, the Group had outstanding indebtedness of approximately HK\$45,682,000, consisting of lease liabilities of approximately HK\$1,497,000, unsecured and unguaranteed bond payables of approximately HK\$20,270,000, secured and unguaranteed bond payables of approximately HK\$22,000,000 which was pledged its financial assets at fair value through profit or loss and bond interest of approximately HK\$1,915,000.

Save as disclosed above and apart from intra-group liabilities, the Company did not have any other outstanding bank or other borrowings, mortgages, charges, debentures or other loan capital, bank overdrafts, loans or other similar indebtedness, guarantee, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase or other finance lease commitments or other contingent liabilities.

Saved as disclosed above, the Directors have confirmed that there has been no material change in the indebtedness and contingent liabilities of the Company since 31 May 2023 up to the Latest Practicable Date.

3. WORKING CAPITAL STATEMENT

The Directors, after due and careful consideration, are of the opinion that, after taking into account the estimated net proceeds from the Rights Issue, its presently available financial resources, including funds internally generated from operation and the available facilities, the Group will have sufficient working capital for its operation for at least the next twelve (12) months from the date of this Prospectus. The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

4. MATERIAL ADVERSE CHANGES

The Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 March 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up, and up to and including the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Company is an investment company listed under Chapter 21 of the Listing Rules and its purpose is to achieve medium to long-term capital appreciation as well as income from interest and dividend by investing principally in listed and unlisted securities, predominantly focusing in the PRC and Hong Kong market region.

The macroeconomic and geopolitical environment continued to be weakened due to several adverse events, due to the uncertain investment environment, the Group had only some dealing in shares of companies listed in Hong Kong. In respect of investment in unlisted companies, the Group started to explore opportunities of investing in companies in mainland China in various sectors with development potential. As disclosed in the interim report of the Company, the Group has signed quite a number of strategic cooperation letters of intent/memorandums of understanding with companies engaged in different areas of business such as agriculture, technology promotion

and application services, financial services and business services etc. Some potential investment projects only commenced and the Company is still in the course of negotiating with such potential investees regarding the investment plans. Meanwhile, the Company has engaged professional advisory service firms in the PRC to conduct due diligence on those projects.

The Company has started to review the financial positions and studied the relevant information of those relevant potential investees. As mention above, the external environment was uncertain, severe and complex under the impact of the epidemic of the century. Although it was not a principal business of investment, the Company has invested in other financial assets at amortised cost which allow earning stable income of interest and bring favourable return to our Shareholders. The Group has adopted cautious, proactive attitude and strategy in seeking low-risk and reputable for interest earning investment as other financial assets at amortised cost.

Given that China's economic development in 2022 faced triple pressures of demand contraction, supply shocks and weakening expectations. Under the impact of the epidemic of the century, the evolution of the century-old situation has accelerated, and the external environment has become more complex, severe and uncertain. Therefore, it is required that in 2022 and 2023, "focus on stabilizing the macroeconomic market and keep the economy operating within a reasonable range", "all regions and departments should shoulder the responsibility of stabilizing the macro economy, and all parties should actively introduce policies that are conducive to economic stability". The Group has adopted more cautious and proactive attitude in seeking potential business opportunities in the market. In addition, the Group's investment strategy will continue to identify suitable sound investments as well as using selective derivative instruments to optimise its investment portfolio. The Group is aiming at implementing an efficient and compliant internal control, pragmatically deploying its investment strategy, and strengthen its financial situation in order to bring favourable return to our Shareholders.

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

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group prepared in accordance with Paragraph 29 of Chapter 4 of the Listing Rules is set out to illustrate the effect of the Rights Issue on the unaudited consolidated net tangible assets of the Group as if the Rights Issue had taken place on 31 March 2023.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purpose only, and because of its hypothetical nature, may not give a true picture of the unaudited consolidated net tangible assets of the Group had the Rights Issue been completed as at 31 March 2023 or at any future date.

The following statement of unaudited pro forma consolidated net tangible assets of the Group is prepared based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2023, as extracted from the annual results announcement of the Group for the year ended 31 March 2023, and is adjusted as described below:

	Audited consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 March 2023	Estimated net proceeds from the Rights Issue	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as if the Rights Issue had been completed on 31 March 2023
	<i>HK\$'000</i> <i>(Note 1)</i>	<i>HK\$'000</i> <i>(Note 2)</i>	<i>HK\$'000</i>
Based on the issue of 360,394,859 Rights Shares at the Subscription Price of HK\$0.15 per Rights Share <i>(Note 3)</i>	273,676	52,708	326,384
Audited consolidated net tangible assets of the Group attributable to owners of the Company per Share as at 31 March 2023 <i>(Note 4)</i>	HK\$0.76		
Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share immediately after completion of the Rights Issue as if the Rights Issue had been completed on 31 March 2023 <i>(Note 5)</i>			HK\$0.45

Notes:

1. The audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 March 2023 are based on the audited consolidated net assets of the Group as at 31 March 2023 of approximately HK\$273,676,000 as extracted from the published annual results announcement of the Group for the year ended 31 March 2023.
2. The estimated net proceeds from the Rights Issue of approximately HK\$52,708,000 are based on estimated gross proceeds to be raised by the issue of 360,394,859 Rights Shares at the subscription price of HK\$0.15 per Rights Share, after deduction of the estimated related expenses incidental to the Rights Issue of approximately HK\$1,351,000.
3. The Rights Issue involves the issue of 360,394,859 Rights Shares on the basis of one Rights Share for every one existing Share held on the Record Date. The number of Rights Shares of 360,394,859 is arrived at assuming no new Shares will be issued after the Latest Practicable Date and up to the Record Date. Since the number of existing Shares at the Latest Practicable Date entitled to the Rights Issue is 360,394,859, accordingly, the number of Rights Shares assumed to be issued under the Rights Issue is assumed to be 360,394,859.
4. The audited consolidated net tangible assets of the Group attributable to owners of the Company per Share as at 31 March 2023 is calculated based on the audited consolidated net tangible assets of the Group of approximately HK\$273,676,000 and 360,394,859 Shares in issue as at 31 March 2023.
5. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share after completion of the Rights Issue is calculated based on the unaudited pro forma consolidated net tangible assets of the Group attributable to owners of the Company of approximately HK\$326,384,000 and 720,789,718 Shares, which comprise (i) 360,394,859 Shares in issue as at 31 March 2023; and (ii) 360,394,859 Rights Shares assumed to be issued based on the number of issued shares as of the Latest Practicable Date, but does not take into account of any Shares which may be issued after the Latest Practicable Date upon the exercise of options granted under the Share Option Scheme.
6. Save as disclosed above, no adjustment has been made to the unaudited pro forma financial information of the Group to reflect any trading results or other transactions of the Group entered into subsequent to 31 March 2023.
7. The unaudited pro forma adjusted consolidated net tangible assets of the Group does not take into account the 3,087,647 Shares issuable by the Company at exercise price of HK\$5.00 and 100,000 Shares at exercise price of HK\$0.68 if the outstanding share options for the Shares of the Company are exercised during the period from the Latest Practicable Date to the Record Date (the “**Exercise of the Outstanding Share Options**”).

Assuming the Exercise of the Outstanding Share Options, the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company after completion of the Rights Issue would be HK\$342,363,000 after adjusting for (i) the pro forma increase in the consolidated net tangible assets of the Group attributable to owners of the Company from HK\$273,676,000 to HK\$289,182,000 after adjusting for the pro forma increase in bank balances of approximately HK\$15,506,000 due to Exercise of the Outstanding Share Options; and (ii) the estimated net proceeds of HK\$53,181,000 of the Rights Shares assumed to be issued based on the number of issued Shares on the Latest Practicable Date as adjusted for the Shares assumed to be issued upon the Exercise of the Outstanding Share Options. Consequently, the unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the owners of the Company under the Rights Shares to be issued would be HK\$0.47 assuming the Exercise of the Outstanding Share Options and the Rights Issue have been completed on 31 March 2023.

The following is the text of a report, prepared for the sole purpose of inclusion in this prospectus, from the independent reporting accountant, Fan, Chan & Co. Limited, Certified Public Accountants, Hong Kong

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

To the directors of China Investment Development Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of China Investment Development Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Company as at 31 March 2023, and related notes as set out on pages 1 to 2 of Appendix II of the Company’s prospectus dated 14 July 2023 (the “**Prospectus**”) in connection with the proposed rights issue on the basis of one rights share for every one existing share of the Company (the “**Rights Issue**”). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on 1 to 2 of Appendix II of the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of Rights Issue on the Group’s financial position as at 31 March 2023 as if Rights Issue had taken place at 31 March 2023. As part of this process, information about the Group’s financial position has been extracted by the Directors from the Group’s financial statements for the year ended 31 March 2023, on which an auditor’s report has been published.

Directors’ Responsibility for the Unaudited Pro Forma Financial Information

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

Our Independence and Quality Management

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

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

Reporting Accountants’ Responsibilities

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

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

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

The purpose of unaudited pro forma financial information included in the Prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 March 2023 would have been as presented.

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

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

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

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

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

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled 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.

Fan, Chan & Co. Limited

Certified Public Accountants

Leung Kwong Kin

Practising Certificate Number: P03702

Hong Kong

14 July 2023

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

(2) SHARE CAPITAL AND OPTIONS**(a) Share capital**

Assuming there is no change in the issued share capital of the Company from the Latest Practicable Date to completion of the Rights Issue and full acceptance of the Rights Shares, the authorised and issued share capital of the Company as at the Latest Practicable Date were, and immediately following completion of the Rights Issue will be, as follows:

(I) As at the Latest Practicable Date

	Number of Shares	Nominal value of ordinary Shares HK\$
Authorised:		
Shares of HK\$0.10 each	<u>1,000,000,000</u>	<u>100,000,000.00</u>
Issued and fully paid:		
Shares of HK\$0.10 each	<u>360,394,859</u>	<u>36,039,485.90</u>

(II) Immediately following the completion of the Rights Issue (assuming no change in the number of issued Shares and full acceptance of Rights Shares by all Qualifying Shareholders or all Unsubscribed Rights Shares and ES Unsold Rights Shares have been placed by the Placing Agent)

	Number of Shares	Nominal value of ordinary Shares HK\$
Authorised:		
Shares of HK\$0.10 each	<u>1,000,000,000</u>	<u>100,000,000.00</u>
Issued and fully paid:		
Shares of HK\$0.10 each	360,394,859	36,039,485.90
Rights Shares to be issued pursuant to the Rights Issue of HK\$0.10 each	<u>360,394,859</u>	<u>36,039,485.90</u>
Shares in issue immediately after completion of the Rights Issue	<u>720,789,718</u>	<u>72,078,971.8</u>

(III) Immediately following the completion of the Rights Issue (assuming no change in the number of issued Shares and full acceptance of Rights Shares by all Qualifying Shareholders or all Unsubscribed Rights Shares and ES Unsold Rights Shares have been placed by the Placing Agent other than the full exercise of outstanding Share Options)

	Number of Shares	Nominal value of ordinary Shares HK\$
Authorised:		
Shares of HK\$0.10 each	<u>1,000,000,000</u>	<u>100,000,000.00</u>
Issued and fully paid:		
Shares of HK\$0.10 each	363,582,506	36,358,250.60
Rights Shares to be issued pursuant to the Rights Issue of HK\$0.10 each	<u>363,582,506</u>	<u>36,358,250.60</u>
Shares in issue immediately after completion of the Rights Issue	<u>727,165,012</u>	<u>72,716,501.20</u>

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

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

(b) Share Options

As at the Latest Practicable Date, there are outstanding Share Options for subscription of an aggregate of 3,187,647 Shares under the Share Option Scheme. The Company operates a share option scheme (the “**Scheme**”) for the purpose of providing incentives and rewards to eligible participants for their contribution to, and continuing efforts to promote the interests

of, the Group. The Scheme was adopted on 28 December 2018 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date. The scheme mandate limit was refreshed by an ordinary resolution passed at the annual general meeting held on 16 September 2021. In determining the basis of eligibility of each participant, the Directors would take into account such factors as the Directors may at its discretion consider appropriate.

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

Category of participants	Date of grant	Number of Share Options outstanding as at the Latest Practicable Date	Exercisable period	Exercise price per share (HK\$)
Name of Director/ chief executive				
Han Zhenghai	2 August 2021	882,185	3 years	5.00
Deng Dongping	2 August 2021	882,185	3 years	5.00
Liu Lihan	2 August 2021	882,185	3 years	5.00
Mo Li	2 August 2021	88,218	3 years	5.00
Shi Zhu	7 January 2022	100,000	3 years	0.68
Other option holders				
Employees	2 August 2021	352,874	3 years	5.00

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) DISCLOSURE OF INTERESTS**Director's and chief executive's interests in the Company**

As at the Latest Practicable Date, the interests and short positions held by the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, the “SFO”) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO) or required to be entered in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules were as follows:

Long positions in shares of the Company

Name of Director/chief executive	Capacity in which interests are held	Number of shares held	Approximate percentage of shareholding (Note)
Han Zhenghai	Beneficial owner	10,068,000	2.79%
Zhu Zhikun	Beneficial owner	4,890,000	1.36%

Note: The percentage of shareholding is calculated on the basis of the Company's issued share capital of 360,394,859 shares as at 31 May 2023.

Interests in underlying shares in the Company

Name of Director/ chief executive	Capacity in which interests are held	Number of shares held	Approximate percentage of shareholding
Han Zhenghai	Beneficial owner (note)	882,185	0.243%
Deng Dongping	Beneficial owner (note)	882,185	0.243%
Liu Lihan	Beneficial owner (note)	882,185	0.243%
Mo Li	Beneficial owner (note)	88,218	0.024%
Shi Zhu	Beneficial owner (note)	100,000	0.028%
		2,834,773	0.781%

Note: These underlying shares represent the shares to be issued and allotted upon the exercise of the options granted by the Company to the directors pursuant to the share option scheme of the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they were taken or deemed to have under such provisions of the SFO) or required to be entered in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders

As at the Latest Practicable Date, the following persons, other than the Director and chief executive of the Company as disclosed in the section titled “Directors’ and Chief Executive’s Interests in the Company”, were interested or had short positions in more than 5% of the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name of Shareholders	Capacity in which interests are held	Number of shares held	Approximate percentage of shareholding (Note)
Lanzhou Wile Home Furnishing Service Co. Limited	Beneficial owner	36,000,000	9.989%
Shuo Kang International Limited	Beneficial owner	29,072,000	8.067%
Yeung Weixu	Beneficial owner	26,611,000	7.384%
Tse Yun Lam Aries	Beneficial owner	25,352,200	7.035%

Note: The percentage of shareholding is calculated on the basis of the Company’s issued share capital of 360,394,859 shares as at 31 May 2023.

Save as disclosed above, as at the Latest Practicable Date, the Company was not notified of any persons, other than the Directors and the chief executive of the Company, having any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

(4) DIRECTORS' INTEREST IN CONTRACT AND ASSET

As at the Latest Practicable Date, none of the Directors, directly or indirectly, had any interest in any assets which had since 31 March 2023 (being the date to which the latest published audited financial statements of the Company were made up) been acquired or disposed of by or leased to the Group, or were proposed to be acquired or disposed of by or leased to the Group. As at the Latest Practicable Date, none of the Directors was materially interested in any subsisting contract or arrangement which is significant in relation to the business of the Group.

(5) DIRECTORS' SERVICE CONTRACTS

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

(6) COMPETING INTEREST

As at the Latest Practicable Date, so far as the Directors are aware of, none of the Directors or any of their respective associates had any interest in business which competes with or may compete with the business of the Group or had any other conflict which any person has or may have with the Group.

(7) MATERIAL LITIGATION

On 13 June 2022, the Board announced that the Company has received a writ of summons (the "**Writ of Summons**") issued by two shareholders against the Company and all the Directors with an endorsement of claims claiming all the Directors for damages arising from their doings. But the Writ of Summons did not provide any facts or grounds. The Company has been seeking legal advice in respect of the Writ of Summons and will adopt all effect measures to safeguard the interests of the Shareholders and investors. On 2 June 2023, the Board announced pursuant to a consent order signed by the plaintiffs and the Company, it is ordered that, among others, all further proceedings in the action under the Writ of Summons between the plaintiffs and the Company be stayed and the plaintiffs shall be at liberty to restore the action after 14 July 2023 by giving not less than one-month prior written notice to the Company. Save as disclosed above, no member of the Group was engaged in any litigation, claim or arbitration of material importance and there was no litigation, claim or arbitration of material importance known to the Directors to be pending or threatened against any member of the Group as at the Latest Practicable Date.

(8) MATERIAL CONTRACTS

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

- (i) the Placing Agreement;
- (ii) the placing agreement dated 15 September 2022 made between the Company and Cheong Lee Securities Limited relating to the placing of 492,200,000 new shares at HK\$0.077 per share under general mandate;
- (iii) the sale and purchase agreement dated 8 April 2022 made between the Company and Zheng Hongping relating to the acquisition of 30% equity interest in Lanzhou Wile Home Furnishing Service Co. Ltd. at the consideration of HK\$36 million;
- (iv) the sale and purchase agreement dated 6 April 2022 made between the Company and Tider Holdings Limited relating to the acquisition of 7% equity interest in Jiajiafu Modern Agriculture (HK) Limited at the consideration of HK\$40 million;
- (v) the placing agreement dated 18 October 2021 made between the Company and Cheong Lee Securities Limited, Silverbricks Securities Company Limited, Sincere Securities Company Limited and Soochow Securities International Brokerage Limited relating to the placing of 380,900,000 new shares at HK\$0.15 per share under general mandate.

(9) EXPERT AND CONSENT

The following is the qualification of the expert who has been named in this Prospectus or has given opinions, letters or advices contained in this Prospectus:

Name	Qualification
Fan, Chan & Co., Limited	Certified Public Accountant

As at the Latest Practicable Date, the above expert had no shareholding, directly or indirectly, in the Company or any right (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in the Company.

As at the Latest Practicable Date, the above expert had no interest, direct or indirect, in the promotion of, or in any assets which since 31 March 2023, the date to which the latest published audited financial statements of the Company were made up, have been acquired or disposed of by or leased to, the Company, or are proposed to be acquired or disposed of by or leased to the Company.

As at the Latest Practicable Date, the above expert had given and had not withdrawn their written consent to the issue of this Prospectus, with the inclusion of the references to their name and/or their opinion or report in the form and context in which they are included.

(10) CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Executive Directors

Mr. Chan Cheong Yee
Suites 6303, 63/F, Central Plaza,
18 Harbour Road, Wanchai,
Hong Kong

Mr. Chan Yiu Pun Clement
Suites 6303, 63/F, Central Plaza,
18 Harbour Road, Wanchai,
Hong Kong

Non-executive Directors

Mr. Han Zhenghai
Suites 6303, 63/F, Central Plaza,
18 Harbour Road, Wanchai,
Hong Kong

Mr. Deng Dongping
Suites 6303, 63/F, Central Plaza,
18 Harbour Road, Wanchai,
Hong Kong

Mr. Liu Lihan
Suites 6303, 63/F, Central Plaza,
18 Harbour Road, Wanchai,
Hong Kong

	<p>Mr. Zhu Zhikun Suites 6303, 63/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong</p>
	<p>Mr. Lyu Ping Suites 6303, 63/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong</p>
	<p>Ms. Mo Xiuping Suites 6303, 63/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong</p>
Independent non-executive Directors	<p>Ms. Mo Li Suites 6303, 63/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong</p>
	<p>Mr. Shi Zhu Suites 6303, 63/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong</p>
	<p>Ms. Chen Shunqing Suites 6303, 63/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong</p>
Authorised representatives	<p>Mr. Han Zhenghai Suites 6303, 63/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong</p>
	<p>Ms. Chen Shunqing Suites 6303, 63/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong</p>

Joint Company Secretaries	Mr. Wong Shiu Wah Williamson Ms. Ho Wing Yan
Registered office	Clarendon House 2 Church Street Hamilton HM 11 Bermuda
Principal place of business in Hong Kong	Suite 6303, 63/F, Central Plaza 18 Harbour Road Wanchai Hong Kong
Principal share registrar and transfer office in Bermuda	MUFG Fund Services (Bermuda) Limited 4th floor North Cedar House 41 Cedar Avenue Hamilton HM12 Bermuda
Branch share registrar and transfer office in Hong Kong	Union Registrars Limited Suites 3301–04, 33/F. Two Chinachem Exchange Square 338 King’s Road North Point Hong Kong
Principal banker	Dah Sing Bank, Limited Shop No. G7, G7A & G8, 248 Queen’s Road East, Wan Chai, Hong Kong;
Investment manager	Evergrande Securities (HK) Limited Room 2004–2006, 20/F China Evergrande Centre No. 38 Gloucester Road Wan Chai Hong Kong

Independent reporting accountant	Fan, Chan & Co., Limited Certified Public Accountant Rooms 1007–1012 10/F. K. Wah Centre 191 Java Road North Point Hong Kong
Stock code	204
Company's website	http://www.chinainvestment.com.hk
Placing Agents to the Company	Cheong Lee Securities Limited Unit B, 15/F. Bank of East Asia Harbour View Center 56 Gloucester Road, Wanchai Hong Kong Silverbricks Securities Company Limited Units 1004–1006 10/F. Shun Tak Centre China Merchants Tower 168–200 Connaught Road Central Sheung Wan Hong Kong
Legal advisers to the Company as to Hong Kong laws	TANG TSO & LAU Solicitors Room 209, 2/F, China Insurance Group Building, 141 Des Voeux Road Central Hong Kong

(11) PARTICULARS OF THE DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY**Executive Directors**

Mr. Chan Cheong Yee (“**Mr. Chan**”), aged 59, has been appointed as an executive Director since 29 May 2012. He is also the chairman of the Risk Management Committee. Mr. Chan holds a Bachelor of Science degree from the College of Business Administration of the University of South Florida in the United States of America. Mr. Chan is currently a licensed person to carry out type 4 (advising on securities) and type 9 (asset management) regulated activities under the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong).

Mr. Chan was appointed as executive Director of China Innovation Investment Limited (Stock Code: 1217) (“**CII**”) in June 2003, China Investment and Finance Group Limited (Stock Code: 1226) (“**CIFG**”) in March 2011, Capital VC Limited (Stock Code: 2324) (“**CVC**”) in November 2012, China New Economy Fund Limited (Stock Code: 80) (“**CNEF**”) in June 2013, National Investments Fund Limited (Stock Code: 1227) (“**NIF**”) in March 2019, Core Economy Investment Group Limited (Stock Code: 339) (“**EIG**”) from 18 January 2021 to 15 June 2021 and Goldstone Investment Group Limited (Stock Code: 901) (“**GIG**”) in November 2021. CII, CIFG, CVC, CNEF, NIF, EIG and GIG are all investment companies listed on the Stock Exchange. Mr. Chan was an executive Director of China Trends Holding Limited (“**CTH**”) in February 2016 and reappointed as a non-executive Director in December 2020. CTH once was a company listed on the Stock Exchange GEM board (the Stock Code before delisting: 8171).

Mr. Chan Yiu Pun Clement (“**Mr. Clement Chan**”), aged 65, has been appointed as an executive Director of the Company since 6 April 2022. Mr. Clement Chan is a member of The Institute of Financial Planners of Hong Kong Limited and a Certified Financial Planner in Hong Kong. Mr. Clement Chan obtained a higher diploma in accountancy from the Hong Kong Polytechnic (now known as the Polytechnic University of Hong Kong) in November 1980 and a Master of Science in corporate governance & directorship from the Hong Kong Baptist University in November 2008.

Mr. Clement Chan was an executive director of Goldstone Investment Group Limited (formerly known as Eagle Ride Investment Holdings Limited, Stock Code: 901), a company listed on the Stock Exchange from November 2013 to October 2020. Mr. Clement Chan had over 27 years of experience in the financial industry, including professional management of

investments on behalf of third-party investors and experiences as responsible officers for type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO for a number of corporations.

Non-executive Directors

Mr. Han Zhenghai (“**Mr. Han**”), aged 45, has been appointed as a non-executive Director since 20 January 2021 and additionally as the Chairman of the Board since 11 March 2021. He is also the chairman of the Nomination Committee and member of the Remuneration Committee. Mr. Han has extensive experience in investment and management business. He has been serving as a manager of Beijing Zhongmin Zhenxing Construction Technology Co., Ltd.* (北京中民振興建設科技有限公司) and president of Beijing China Zhiyuan Technology Co., Ltd.* (北京中資致遠科技有限公司) since June 2020 and May 2017, respectively.

In addition, he also served as vice president and chief executive officer of Beijing Ruihai Zongheng Marketing Consultant Co., Ltd.* (北京睿海縱橫營銷顧問有限責任公司) from July 2007 to May 2017, and was appointed as an expert of the National Policy Think Tank Expert Committee of China Industrial Cooperation Association* (中國工業合作協會國策智庫專家委員會) in May 2018. From November 2020 to February 2021, he was appointed as an executive Director of Ling Rui Holdings Limited (Stock Code: 784), a company listed on the Main Board of the Stock Exchange. He was also appointed as an executive Director of Golden Faith Group Holdings Limited (Stock Code: 2863), a company listed on the Main Board of the Stock Exchange from April 2021 to January 2022.

Mr. Deng Dongping (“**Mr. Deng**”), aged 49, has been appointed as independent non-executive Director on 13 November 2020 and re-designated to non-executive Director on 12 July 2021. Mr. Deng graduated from Tianjin Normal University majoring in business administration. After over 10 years’ military service in the PRC, Mr. Deng has held senior positions in the cultural industry in mainland China. He is now the deputy director of the Chinese Volunteer Emergency Rescue Volunteer Committee.

Mr. Liu Lihan (“**Mr. Liu**”), aged 65, has been appointed as independent non-executive Director on 11 March 2021 and re-designated to non-executive Director on 12 July 2021. Mr. Liu holds a Master degree in Economics from Nankai University. Mr. Liu has held senior positions in various banks and financial institutions in China before and is currently the president of an investment management company. Mr. Liu has a wealth of experience in financial and investment sectors. From September 2015 to February 2016, Mr. Liu was an

executive director of Co-Prosperity Holdings Limited (now known as Asia Television Holdings Limited) (Stock Code: 707), a company listed on the main board of The Stock Exchange of Hong Kong Limited.

Mr. Zhu Zhikun (“**Mr. Zhu**”), aged 24, has been appointed as a non-executive Director of the Company since 6 August 2021. Mr. Zhu has a wealth of experience in multi-dimensional investments and, in particular, mineral resources development and logistics information. Mr. Zhu is the founder of 湛江市江京投資有限公司 (unofficially translated as Zhanjiang City Jiangjing Investment Company Limited), as well as a shareholder of 千谷礦業有限公司 (unofficially translated as Qiangu Minerals Company Limited) and participating in its operations.

Mr. Lyu Ping (“**Mr. Lyu**”), aged 67, has been appointed as a non-executive Director of the Company since 7 November 2022. Mr. Lyu graduated from Jilin University with a master’s degree in Law. Mr. Lyu holds a lawyer’s practice certificate and has served as a long-term legal advisor and capital advisor to several large state-owned enterprises and joint-stock companies. He is a member of the Advisory Committee of the State-owned Assets Supervision & Administration Commission of the People’s Government of Jilin Province and has directly participated in major projects such as shareholding reform of Chinese joint-stock entities and merger & acquisition restructuring of state-owned enterprises in China.

Mr. Lyu has served as the chairman of the “Filial Piety and Virtue Specialized Cultural Fund Committee” of the “China Nationality Culture Foundation”, the deputy group leader of the “Rural Revitalization Industry Alliance” of the “Rural Revitalization Bureau”, the first vice chairman of the “World Chinese Association”, Legal Advisor of the “Credit League of Small and Medium-sized Enterprises in China”, Strategic Advisor of the “Chinese Traditional Culture Promotion Council”, Member of the “Academic Committee” of “Chinese Academy of Management Science”, and Vice President of the Innovation Institute, the Vice President of the Institute of Innovation, a visiting professor of the College of Business, and the Director of the Equity Investment Research Center.

From 1993 to 1998, Mr. Lyu served as the chairman of Hainan SF International Futures Brokerage Co. From 2001 to 2015, he was the managing partner of Jilin Jiahe Law Firm. Since 2015, he has been the chairman of Shenzhen Qianhai Guo Ping Capital Management Co.

Ms. Mo Xiuping (“**Ms. Mo**”), aged 55, has been appointed as an independent non-executive Director of the Company since 23 September 2022 and re-designated as non-executive Director of the Company since 19 April 2023. Ms. Mo graduated from Nanjing Tech University, majoring in management science and business administration, and is

currently studying for a master's degree in international finance. Ms. Mo holds China Intermediate Accountant Certificate. Ms. Mo has won honors such as "National Ten Thousand Talents Program", "Leading Talents in Scientific and Technological Innovation", and "Young and Middle-aged Experts with Outstanding Contributions in Jiangsu Province". Since December 2016, she has served as the chief financial officer, independent director and member of the board of directors of China area of JS Beauty Land Network Technology Inc, a US listed company. Since September 2018, she has concurrently served as the chief financial officer of Jiangsu Meiyunmei Technology Co., Ltd. Since November 2019, she has concurrently served as the chief financial officer of Yancheng Dafengzesheng Technology Co., Ltd.

Independent non-executive Directors

Ms. Mo Li ("Ms. Mo Li"), aged 48, has been appointed as an independent non-executive Director since 17 June 2021. Ms. Mo Li is the chairman of the Audit Committee, a member the Nomination Committee, the Remuneration Committee and the Risk Management Committee. Ms. Mo Li obtained a bachelor's degree from Hunan University, majoring in accounting. Ms. Mo Li has rich experience in financial and management business. Ms. Mo Li has been serving as a sales representative in United health in the United States since April 2022. From August 2019 to October 2021, Ms. Mo Li served as a sales representative in Humana in the United States. From January 2010 to March 2012 and from August 2014 to May 2019, Ms. Mo Li served as a director of Shen Zhen Shi ECO Building Facade Consultant Limited. She was also a vice manager of personal business department of Ping An Bank Fuhong Branch from April 2012 to August 2014.

Mr. Shi Zhu ("Mr. Shi"), aged 55, has been appointed as an independent non-executive Director of the Company since 6 August 2021. Mr. Shi is a member of the Audit Committee, the Nomination Committee, the Remuneration Committee and the Risk Management Committee of the Company. Mr. Shi obtained his first degree in Bachelor of Arts, majoring in English, from the Anhui Fuyang Teacher's University in the PRC in July 1989 and his second degree in Bachelor of law, majoring in Journalism, from the Communication University of China in July 1993. Mr. Shi worked at the Ministry of Commerce of the PRC for over 15 years. From November 1993 to May 2000, Mr. Shi served various positions including front-page editor as well as deputy chief editor and chief editor of the English version of International Business Monthly under International Business Daily, a publishing entity under the Ministry of Commerce of the PRC. Mr. Shi was appointed by the Ministry of Commerce of the PRC to work at the Embassy of the PRC in New Zealand where he acted as the Commercial Consul and was in charge of economic and commercial affairs from June 2000 to December 2000 and Mr. Shi subsequently returned to International Business Daily and served various positions including chief editor of Important News, director of general office, chief

editor of China ASEAN Business Week, chief editor of Features from January 2001 to February 2008. After that, Mr. Shi migrated to Hong Kong under the Quality Migrant Admission Scheme in February 2008. Mr. Shi was the director of BOCHK Wealth Achieve Fund Series SPC, a serial investment fund company wholly owned by BOCHK Asset Management Limited from May 2017 to January 2020. Mr. Shi was also the director and Chairman of Shenzhen Sanhong Asset Management Limited, a private equity company incorporated in the PRC which principally engaged in equity investment and supply chain finance in the PRC and South East Asia, from September 2015 to October 2020. In addition, Mr. Shi is a director of Joyful Capital Limited, a company incorporated in Hong Kong which principally engaged in investment and investment consultancy in Hong Kong and the PRC, since May 2008. Besides, Mr. Shi is an independent non-executive director of Hua Lien International (Holding) Company Limited (Stock Code: 969), a company listed on the main board of the Stock Exchange since December 2017.

Ms. Chen Shunqing (“**Ms. Chen**”), aged 55, has been appointed as an independent non-executive Director of the Company since 27 July 2022. Ms. Chen holds the qualification certificates of China junior accountant certificate and chief accountant officer certificate. Ms. Chen has focused on finance management and so on fields in the past 28 years, has rich practical experience in finance, and could provide effective and unique analysis and advice on financial matters involved.

Audit Committee

The audit committee of the Company (the “**Audit Committee**”) consists of three independent non-executive Directors, namely Ms. Mo Li, Mr. Shi Zhu and Ms. Chen Shunqing. Ms. Chen Shunqing is the chairman of the Audit Committee. The duties of the Audit Committee include, among others, (a) making recommendations to the Board on the appointment, re-appointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor; (b) reviewing the Company’s financial statements, the annual report and accounts the half-year report and significant financial reporting judgments contained therein; and (c) reviewing the financial controls, internal control and risk management systems.

Joint Company Secretaries

Mr. Wong Shiu Wah Williamson (“**Mr. Wong**”) has been appointed as the joint company secretary with effect from 17 November 2022. Mr. Wong holds a Master degree in Business Administration from the Chinese University of Hong Kong and a Master of Science degree in Information Systems from the Hong Kong Polytechnic University. He is a fellow

member of the Chartered Association of Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Wong has over 30 years of professional experience in accounting, auditing, financial management and company secretarial affairs.

Ms. Ho Wing Yan (“Ms. Ho”) has been appointed as the joint company secretary since 6 August 2021. Ms. Ho has more than 10 years of experience in serving as company secretary of companies listed on the Stock Exchange. She is an associate member of The Hong Kong Chartered Governance Institute (“**HKCGI**”) (formerly known as The Hong Kong Institute of Chartered Secretaries) and an associate member of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators). She is also a holder of the Practitioner’s Endorsement issued by HKCGI.

(12) INVESTMENT OBJECTIVE, POLICIES AND RESTRICTIONS

Investment objective and policies

The Company is an investment company incorporated in the Cayman Islands and continued in Bermuda with the primary objective of achieving medium- to long-term capital appreciation as well as income from interests and dividends by investing principally in listed and unlisted companies in Greater China and the Asia-Pacific Region. In particular, the Company intends to invest in unlisted companies with listing potential on the Stock Exchange as well as other stock exchanges.

The Company has adopted the following investment policies:

- Investment will normally be made in the form of equity or equity-related securities and debt instruments in listed and unlisted companies engaged in industries including (but not limited to) the information technology, telecommunications, manufacturing, service, property, infrastructure, life and environmental sectors to maintain a balance in the Company’s exposure to different industry sectors in order to minimize the impact on the Company of any downturn in any particular sector;
- The Company will seek to identify entities established in, or with their operations principally located within, Greater China or the Asia-Pacific Region, with a record of profits growth, strong management, high levels of technical expertise and research and development capabilities as well as management commitment to the long term growth. However, the Company will be flexible in considering investments in companies or other entities which are considered by the Board and the Investment Manager as being special or in recovery situations and which may provide attractive returns;

- Where possible, the Board and the Investment Manager will seek to identify investments where there is a certain degree of synergy with other investee companies and where co-operation between such companies would be of mutual benefit to each other; and
- The Company's investments are primarily intended to be held for medium- to long-term capital appreciation and for income from interest and dividends. There is no present intention to realize any of such investments in any specific period or by any specific date. The Directors will from time to time realize investments where they believe the realization would be in the best interests of the Company.

Investors should note that while it is the intention of the Company to invest its funds in accordance with the investment objectives and policies outlined above as far as practicable, due to market and other investment considerations it may take some time before the funds of the Company are fully invested. Cash pending investment, reinvestment or distribution will be placed in bank deposits in any currency, bonds or treasury securities issued by the government of the United States or the government of Hong Kong, or their respective agencies, or securities, and other instruments denominated in any currency issued by various governments or international government agencies.

In order to hedge against interest rate risks, the Company may enter into forward interest rate agreements, interest rates and bond futures contracts and interest rate swaps and purchase and write (sell) put or call options on interest rates and put or call options on futures on interest rates. The Company will only engage in transactions in options and futures which are traded on recognized securities or futures exchanges and for hedging purposes only. The Company has no intention to purchase or write (sell) derivatives with an open position.

The Company's investment objectives and policies will remain in force for a minimum period of three years from the date of this Prospectus unless otherwise decided by the Shareholders by ordinary resolution in general meeting. The Board has no present intention to propose a change to the investment objectives and policies.

Given that there are no requirements under the Listing Rules that any alterations to the investment objectives and policies of an investment company under Chapter 21 of the Listing Rules require shareholders' approval after a period of 3 years from the date of listing, the investment objectives and policies of the Company as stated above may be altered without shareholders' approval and the Company has to comply with the bye-laws of the Company (the "**Bye-laws**") and Chapter 21 of the Listing Rules at all times while it remains listed as an investment company under Chapter 21 of the Listing Rules.

Investment Restrictions

Under the Bye-laws and Chapter 21 of the Listing Rules relating to the listing of investment companies, certain restrictions on investments are imposed on the Company. In order to meet such restrictions, the Board has resolved that the Company may not:

1. either itself or through its wholly-owned subsidiaries or in conjunction with any connected person take legal, or effective, management control of underlying investments and in no event, will the Company itself or through its wholly-owned subsidiaries own or control more than 30%, (or such lower percentage as may from time to time be specified in the Takeover Code as being the level for triggering a mandatory general offer) of the voting rights in any company or body;
2. invest in any company or entity if such investment will result in more than 20 per cent. of the net asset value of the Company being invested in such company or entity as at the date the investment is made;
3. buy or sell commodities, commodity contracts or precious metals, except that it may purchase and sell futures contracts on stock indices and securities which are secured by commodities or precious metals; or
4. enter into forward interest rate agreements, interest rates and bond futures contracts and interest rate swaps or purchase or write (sell) put or call options on interest rates and put or call options on futures on interest rates. The Company will only engage in transactions in options and futures which are traded on a recognised securities or futures exchange and for the purpose of hedging only.

The Company has to comply with investment restrictions 1 and 2 above at all times while it remains listed as an investment company under Chapter 21 of the Listing Rules.

As at the Latest Practicable Date, the Board has no present intention to propose a change to any of the above-mentioned investment restrictions.

(13) INVESTMENT PORTFOLIO

The follows are the details of all investments of the Group as at 31 March 2023.

Save for the investments disclosed herein, there are no other listed investments and all other investments with a value of more than 5% of the Company's gross assets as at 31 March 2023.

1. Other Financial Assets at Amortised Cost

At 31 March 2023, the other financial assets at amortised cost included promissory notes held by the Group, amounted to approximately HK\$77,437,000 which are unsecured, interest bearing, non-transferrable, non trading related in nature and issued by private entities.

At 31 March 2023, the other financial assets at amortised cost also included a secured bond held by the Group, amounted to approximately HK\$23,372,000 which is secured, interest bearing, non-transferrable, non trading related in nature and issued by a private entity.

	2023
	<i>HK\$'000</i>
At amortised cost	112,043
Less: ECL allowance	(11,234)
	<u>100,809</u>
	<u><u>100,809</u></u>

Ageing analysis

As of the end of the reporting period, the ageing analysis of promissory notes and a secured bond, net of allowance for credit losses, based on the maturity date is as follows:

	2023
	<i>HK\$'000</i>
Mature within 1 year	100,809
Mature 1 to 2 years	—
	<u>100,809</u>
	<u><u>100,809</u></u>

Particulars of the promissory notes and a secured bond classified as at other financial assets at amortised cost held by the Group as at 31 March 2023 disclosed pursuant to Chapter 21 of listing rules are as follows:

2023

Name of issuer	Place of incorporation/ operation	Cost	Amortised cost	ECL	Net carrying amount	Interest rate	Interest received/ receivable	Percentage of the total assets of the Group 2023
		HK\$'000	HK\$'000	HK\$'000	HK\$'000		HK\$'000	
1. Guangdong Juhong Technology Industrial Park Co., Ltd.* (the "Juhong Technology") (note i)	PRC	41,035	45,422	5,752	39,670	12%	4,387	12.18%
2. Guangdong Yijushang Information Technology Co., Ltd.* (the "Yijushang Information") (note ii)	PRC	41,035	43,249	5,482	37,767	12%	2,214	11.60%
3. Water Wood Limited (note iii)	PRC	22,797	23,372	—	23,372	6%	575	7.18%
				11,234	100,809			

Notes:

Business of issuers and terms of promissory notes and a secured bond:

- (i) Juhong Technology is a comprehensive investment enterprise that focuses on property leasing, property management, parking lot operation, and consulting services, covering commodity information consulting services, hotel management, catering management, large-scale event organization planning services, corporate image planning services, conference and exhibition services, logistics transportation, professional alcohol trading market investment, supply chain financing, market services, and more.

The promissory note is unsecured, interest bearing at 12% per annum, and repayable with maturity terms of within 1 year of end of the reporting period.

- (ii) Yijushang Information is based on high-end IT technology services and focuses on building a high-tech, efficient, and high quality professional technical team. The company is committed to integrating the entire IT resources and wholeheartedly building the most professional IT service team in Guangdong Province, providing scientific, accurate, and user-friendly professional IT technical services.

The promissory note is unsecured, interest bearing at 12% per annum, and repayable with maturity terms of within 1 year of end of the reporting period.

- (iii) Water Wood Limited is committed to providing investors with excellent returns through cutting-edge technology, proprietary quantification algorithms, and excellent risk control modules.

The secured bond is secured by a private fund, Mozi Currency Fund SP, held by a related party of Water Wood Limited. The secured bond is interest bearing at 6% per annum, and repayable with maturity terms of within 1 year of end of the reporting period.

* for identification purpose only

2. Financial Assets at Fair Value through Other Comprehensive Income

	2023
	<i>HK\$'000</i>
Unlisted equity securities in PRC, at cost	53,225
Fair value adjustment	(4,921)
	<u>48,304</u>

Particulars of investments in unlisted equity securities held by the Group as at 31 March 2023 disclosed pursuant to Chapter 21 of Listing Rules are as follows:

Name of investee companies	Place of incorporation	Percentage of	Accumulated		Carrying value 2023	Dividend receivable/ received 2023	Percentage of
		effective interest held at 2023	At cost 2023	fair value adjustment 2023			total assets of the Group 2023
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	
Qingzhou Jiajiafu Modern Agricultural Group Co., Ltd.* (“Jiajiafu”) (note (i))	PRC	7%	29,825	(1,439)	28,386	—	8.72%
Lanzhou Wole Home Furnishing Service Co., Ltd.* (“Lanzhou Wole”) (note (ii))	PRC	30%	23,400	(3,482)	19,918	—	6.12%
			53,225	(4,921)	48,304		

Notes:

- (i) Jiajiafu is a modern agricultural development enterprise that integrates green and organic fruit and vegetable cultivation, processing, and sales, poultry breeding, processing, and sales, agricultural technology services, farmer credit mutual assistance, agricultural material distribution and supply, and international trade.
- (ii) Lanzhou Wole’s business focuses on the manufacturing of integrated cabinets and full house customization, continuously upgrading the design and improving the intelligent chemical factory that combines “industrialization” and “informatization”, providing consumers with beautifully designed, exquisite craftsmanship, and reliable quality customized home products.

3. Financial Assets at Fair Value through Profit or Loss

	2023 HK\$'000
Hong Kong listed equity securities, at market value (<i>note a</i>)	24,662
Investments in convertible bonds, at fair value (<i>note b</i>)	15,180
Equity interests in private equity funds (<i>note c</i>)	10,080
	49,922
	49,922

- (a) Particulars of the Group's major investments of listed equity securities held by the Group as at 31 March 2023 disclosed pursuant to Chapter 21 of Listing Rules are as follows:

2023

Name of investee companies	Notes	Number of shares held	Percentage of interest held	Cost HK\$'000	Accumulated		Change in fair value 2023 HK\$'000	Dividend received/ receivable 2023 HK\$'000	Percentage of the total assets of the Group 2023
					Market value 2023 HK\$'000	unrealised (loss)/gain arising on revaluation HK\$'000			
Worldgate Global Logistics Ltd ("Worldgate")	(i)	7,500,000	1.1800%	6,015	1,613	(4,402)	(4,402)	—	0.50%
International Genius Company ("Intl Geniu") (formerly known as "Amber Hill Financial Holdings Limited")	(ii)	9,564,000	1.7802%	13,781	23,049	9,268	8,225	—	7.08%
Target Insurance (Holdings) Limited ("Target")	(iii)	4,228,000	0.8109%	4,298	—	(4,298)	—	—	—

Notes:

- (i) Worldgate was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares were listed on the GEM of The Stock Exchange of Hong Kong Limited (stock code: 8292). Its principal activities are (i) international freight services, (ii) transportation services and (iii) warehousing services. For the financial year ended 31 December 2022, the audited consolidated loss attributable to equity holders of Worldgate was

approximately RM12,551,000 with basic and diluted loss per share of RM1.98 sen. As at 31 December 2022, its audited consolidated net assets attributable to owners of the company was approximately RM53,133,000. No dividend was received by the Group during the period ended 31 December 2022.

- (ii) Intl Geniu was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 33). Its principal activities are (i) trading of party products and metals and minerals, (ii) securities brokerage and assets management, advancing business, credit guarantee and (iii) investment business and trading of commodities. For the financial year ended 30 June 2022, the audited consolidated profit attributable to equity holders of Intl Geniu was approximately HK\$41,375,000 with basic and diluted earnings per share of HK\$7.70 cents. As at 30 June 2022, its audited consolidated net assets attributable to owners of the company was approximately HK\$188,336,000. No dividend was received by the Group during the period ended 30 June 2022.

At 31 March 2023, investments in Intl Geniu held by the Group with market value of HK\$23,049,000 were pledged to secure the bonds payable amounted to HK\$22,000,000.

- (iii) Target was incorporated in Hong Kong with limited liability on 28 August 2014 and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 6161). Its principal activities are (i) writing of general insurance business and (ii) property investment. For the financial year ended 31 December 2020, the audited consolidated profit attributable to equity holders of Target was approximately HK\$62,026,000 with basic and diluted earnings per share of HK\$11.9 cents. As at 31 December 2020, its audited consolidated net assets attributable to owners of the company was approximately HK\$338,660,000. No dividend was received by the Group during the year ended 31 December 2020. Trading in the shares of the Target on The Stock Exchange of Hong Kong Limited has been halted with effect from 9:00 a.m. on Wednesday, 5 January 2022.

- (b) Particulars of investments in convertible bonds held by the Group as at 31 March 2023 disclosed pursuant to Chapter 21 of Listing Rules are as follows:

Name of investee companies	Place of incorporation	Unlisted debt securities, at	Fair value	Carrying value	Interest	Percentage of
		cost	adjustment		received/	the total assets
		HK\$'000	HK\$'000	HK\$'000	receivable	of the Group
					HK\$'000	
Guanwan Investments						
Limited (note (i))	BVI	20,000	(4,820)	15,180	—	4.66%

- (i) On 22 December 2014, the Company invested in the 3% unsecured convertible bonds issued by Guanwan Investments Limited (“Guanwan”) with principal amount of HK\$20,000,000, bearing coupon interest rate of 3% per annum. Guanwan is an investment holding company which indirectly hold 100% of the issued shares of its subsidiary, 深圳金特嬌服装有限公司 (“金特嬌”). 金特嬌 is established in the PRC and principally engaged in designing, manufacturing and retail of women’s dress in PRC. The convertible bonds held by the Group were originally due on 22 December 2017 and convertible into 24 fully paid ordinary shares of Guanwan with a par value of USD1.00 each, which

represented 24% of the enlarged issued shares of Guanwan as at 22 December 2014, at a conversion price of HK\$833,333 per conversion share. The Company could exercise the conversion option at any time until the maturity date. On 23 December 2017, the maturity date of the convertible bonds were renewed and extended to 22 December 2020. On 23 December 2020, the maturity date of the convertible bonds were further renewed and extended to 22 December 2023. All of the other terms of the convertible bonds remained unchanged for the above renewals.

- (c) The Group has subscribed Mount Peak Fund SPC - Mount Peak Currency Fund SP (the “**Currency Fund**”) for approximately HK\$10,012,000 at cost, bearing coupon interest rate of 7.5% per annum. For the year ended 31 March 2023, the unrealised interest income for the Currency Fund was approximately HK\$68,000.

The Currency Fund is for investors with different needs and risks, match the corresponding fund products. It has asset management licenses in Hong Kong and Singapore, offshore investment manager qualifications in Cayman and the British Virgin Islands (BVI), and its core fund products are hedge funds.

(14) DISTRIBUTION POLICY

Interest, dividends and other income of the Company are used first to meet expenses. The Board and the investment manager will then assesses as to whether it is reasonable to make provisions for futures expenses and/or any possible diminution in value of investments, and considers the amount of cash which should be retained by the Company for futures investments. It is the Board’s intention to distribute any excess balance by way of dividend to the extent permitted by law, the Memorandum and the Bye-laws. Dividends will only be paid to the extent that they are covered by net income received from underlying investments. Distributions will normally be made annually after the annual accounts of the Company are approved by the Shareholders by such interim distributions may be made from time to time to Shareholders as appeared to the Board to be justified by the financial strength and cash-flow position of the Company. Distributions will be made in Hong Kong dollars.

(15) FOREIGN EXCHANGE POLICY

The Group has a number of investment projects in the PRC and may be subjected to a certain degree of investment return risk. The Group currently do not have foreign currency hedging policy but monitor the market trends of exchange rates closely, and adopt appropriate measures when necessary.

(16) TAXATION

The taxation of income and capital gains of the Company are subject to the fiscal law and practice of Hong Kong. Prospective investors should consult their own professional advisers on the tax implications of investing, holding or disposing of Shares under the laws of the jurisdiction in which they are liable to taxation.

(17) BORROWING POWERS

Subject to the provisions of the Bye-laws and the approval of the Board, the Company may from time to time borrow for the purpose of providing liquidity or taking advantage of investment opportunities of the Company. The Company may exercise its borrowing power to borrow up to an aggregate principal amount representing not more than 50% of the latest available net asset value at the time the borrowing is made. The Company's assets may be charged or pledged as security for borrowing.

(18) INFORMATION OF THE INVESTMENT MANAGER

- (a) Set out below is the information of the investment manager of the Company:

Evergrande Securities (Hong Kong) Limited
Room 2004–2006, 20/F
China Evergrande Centre
No.38 Gloucester Road
Wan Chai
Hong Kong

The Investment Manager is a company incorporated in Hong Kong with limited liability and a licensed corporation under the SFO authorised to carry out regulated activities of type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management).

- (b) The full names, addresses and descriptions of the directors of the Investment Manager is as follows:

Name	Address
Ms. Zhou Linghui	Room 2004–2006, 20/F China Evergrande Centre No.38 Gloucester Road Wan Chai Hong Kong
Mr. Wu Kiu Sing	Room 2004–2006, 20/F China Evergrande Centre No. 38 Gloucester Road Wan Chai Hong Kong

The biographies of the directors of the Investment Manager are as follows:

Ms. Zhou Linghui (“Ms. Zhou”)

Ms. Zhou has more than ten years of experience in the financial industry. Before joining Evergrande Securities (Hong Kong) Limited, she was the Vice President of Guangzhou Financing Guarantee Center Co., Ltd.* (廣州市融資擔保中心有限責任公司), the assistant to the President of CITIC Securities South China Company Limited* (中信證券華南股份有限公司) (formerly named Guangzhou Securities Co., Ltd.* (廣州證券股份有限公司)). She is currently a responsible officer of Evergrande Securities (Hong Kong) Limited, mainly responsible for the investment and mergers and acquisition projects in relation to financial licences, and has extensive experience in financial businesses and operations in the primary and secondary markets.

Mr. Wu Kiu Sing (“Mr. Wu”)

Mr. Wu has over ten years of experience in the investment banking industry. Prior to joining Evergrande Securities (Hong Kong) Limited, he was an executive director and the head of global capital markets department of China Everbright Securities (HK) Limited and Sinolink Securities (Hong Kong) Company Limited, responsible for equity and debt financing. He had been involved in the initial public offering of various companies on the Main Board of the Stock Exchange, including China Everbright Bank Company Limited (stock code: 6818), Everbright Securities Company Limited (stock code: 6178), IGG Inc (stock code: 799), China Aircraft Leasing Group Holdings Limited (stock code: 1848), Beijing Chunlizhengda Medical Instrument Co., Ltd. (stock code: 1858), MECOM Power and Construction Limited (stock code: 1183). Mr. Wu also participated in numerous overseas US dollar denominated bond financing transactions.

* For identification purpose only

None of the Directors, the directors of the Investment Manager, any investment adviser or any distribution company, or any associate of any of those persons, is or will become entitled to receive any part of any brokerage charged to the Company, or any re-allowance of other types on purchases charged to the Company.

On 1 December 2021, the Company has entered into the agreement (the “**Investment Management Agreement**”) with the Investment Manager, pursuant to which the Investment Manager has agreed to provide non-discretionary investment management services to the Company for a period of three years from 1 December 2021 to 30 November 2024 and the appointment will be automatically renewed for another successive period of 3 years upon every expiry, unless terminated at any time by either the Company or the Investment Manager by serving not less than one month’s prior notice in writing on the other party. The Investment Manager is entitled to a monthly management fee of HK\$40,000 and payable monthly in advance. The Investment Manager will provide nondiscretionary investment management services to the Company under the Investment Management Agreement including: (i) identify, review and evaluate investment and disinvestments opportunities for the Company and negotiate the best terms of such investment and disinvestment for the Company; (ii) advise the Board on the merits of investment opportunities or information relevant to the making of judgments about the merits of investment opportunities and to render investment advice to the Board based upon such information as may reasonably be available to it and, in particular, assist the Board in structuring acquisitions and disposals; (iii) provide the Board with such information as may reasonably be available to it on opportunities to acquire or to dispose of investments of which the Investment Manager becomes aware and which in the opinion of the Investment Manager are or may be suitable for the Company; (iv) execute all lawful investment and disinvestments decisions of the Company with due care, skill and diligence in accordance with the instructions of the Board and the terms of the Investment Management Agreement; (v) monitor and keep under review the performance and status of the assets (including but not limited to cash and securities) of the Company from time to time, based on information as may reasonably be available to it, and to provide the Board with any assistance in relation to the Company’s investment as it may require; (vi) calculate the net asset value of the Company in accordance with the By-laws and with any valuation method adopted by the Board as at each last dealing day on the Stock Exchange in each calendar month or such other dealing day as considered appropriate by the Board for the purpose of calculating the net asset value of the Company and provide the calculation on request to the Board and the Shareholders; (vii) assess whether it is reasonable to make provision for future expenses and/or any possible diminution in value of investment out of the net amount derived from interest, dividends and other income received by the Company after meeting expenses, and consider the amount of cash required for future investment of the Company; (viii) provide the Board, the auditors of the Company, the company secretary of the Company or such other person as authorised by the Board, from time to time with such information as may be in the possession or control of the Investment Manager as may reasonably be required for the keeping of such accounts, books, records and statements as may be required by applicable law and regulations (including without limitation the Listing Rules) for the

proper conduct of the affairs of the Company; and (ix) act in accordance with all reasonable instructions given and authorities delegated to it from time to time by the Board and to keep the Board fully informed as to the discharge of its powers and duties hereunder.

(19) CUSTODIANS

Since all the available-for-sale assets held by the Company are listed and unlisted securities, the Company did not appoint any custodian bank to provide custodian services.

(20) RISK FACTORS OF INVESTING IN THE COMPANY

The Company is an investment company and its funds will be invested in listed and unlisted companies mainly in Hong Kong and PRC. These investments will be subject to market fluctuations and to the risks inherent in all investments. Investors should also be aware that the Company's income and its net asset value are liable to be adversely affected by external factors beyond the control of the Company. As a result, income of the Company and its net asset value may therefore go down as well as go up, subject to the prevailing market conditions.

(21) EXPENSES

The expenses in connection with the Rights Issue and the Placing Arrangement, including professional fees, printing, registration, translation, legal and accounting fees, are estimated to be approximately HK\$1.3 million in maximum, and are payable by the Company.

(22) MISCELLANEOUS

- (i) The joint company secretaries of the Company are Mr. Wong Shiu Wah Williamson and Ms. Ho Wing Yan.
- (ii) 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.
- (iii) As at the Latest Practicable Date, the Company has no significant exposure to foreign exchange liabilities.
- (iv) As at the Latest Practicable Date, save as disclosed elsewhere in this Prospectus, there was no material contract for the hire or hire purchase of plant to or by any member of the Group for a period of over a year which is substantial in relation to the Group's business.
- (v) The English text of this Prospectus and the PAL shall prevail over the respective Chinese text in the case of inconsistency.

(23) 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.

(24) BINDING EFFECT

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

(25) DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

A copy of each of the Prospectus Documents and the written consent as referred to in the paragraph headed “9. Expert and Consent” in this appendix, have been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

(26) DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<http://www.chinainvestment.com.hk>) for 14 days from the date of this Prospectus:

- (i) the letter issued by the independent reporting accountant regarding the unaudited pro forma financial information of the Company as set out in appendix II of this Prospectus;
- (ii) the written consent referred to in the paragraph headed “9. Expert and Consent” in this appendix; and
- (iii) the material contracts referred to in the paragraph headed “8. Material contracts” in this appendix.