
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

Terms defined elsewhere in this Prospectus are used on this cover page with those defined meanings.

If you have sold or transferred all your shares in First Shanghai Investments Limited, you should at once hand the Prospectus Documents to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. The Prospectus Documents should not, however, be distributed, forwarded or transmitted to, into or from any jurisdiction where to do so might constitute a violation of the relevant local securities laws or regulations.

Dealings in the Offer Shares may be settled through CCASS established and operated by HKSCC. You should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers for details of the settlement arrangements and how such arrangements may affect your rights and interests.

A copy of each of the Prospectus Documents, together with the documents mentioned in the paragraph headed “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 as required by Section 38D of the CWUMPO. The Registrar of Companies in Hong Kong, the Stock Exchange and the Securities and Futures Commission of Hong Kong take no responsibility as to the contents of any of the Prospectus Documents or any other documents referred to above.

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

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



FIRST SHANGHAI INVESTMENTS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 227)

OPEN OFFER ON THE BASIS OF TWO OPEN OFFER SHARES FOR EVERY FIVE SHARES HELD ON THE RECORD DATE UNDERWRITTEN BY CHINA ASSETS (HOLDINGS) LIMITED

Placing Agent

First Shanghai Securities Limited

The Latest Time for Application and payment for Offer Shares is at 4:00 p.m. on Wednesday, 8 November 2023. The procedures for application and payment for Offer Shares are set out in the section headed “Procedures for application and payment” in the “Letter from the Board” in this Prospectus.

The Unsubscribed Shares, if any, will be placed to independent placees under the Compensatory Arrangements. Any Compensatory Shares not placed under the Compensatory Arrangements will be taken up by China Assets.

The Open Offer is subject to fulfilment of the conditions precedent referred in the section headed “Conditions of the Open Offer” in the “Letter from the Board” in this Prospectus. Accordingly, the Open Offer may or may not proceed. The Shares have been traded on an entitlement basis commencing from Wednesday, 4 October 2023 and dealings in Shares will take place while the conditions to which the Open Offer is subject remain unfulfilled. Any Shareholder or potential investor dealing in the Shares up to the date on which all conditions of the Open Offer are fulfilled will bear the risk that the Open Offer may not become unconditional and may not proceed.

The Underwriting Agreement contains provisions granting the Underwriter the right to terminate the obligations of the Underwriter thereunder on the occurrence of certain events, including force majeure, summarised in the section headed “Termination of the Underwriting Agreement” on page 12 of this Prospectus. If the Underwriting Agreement is terminated or does not become unconditional, the Open Offer will not proceed.

25 October 2023

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DEFINITIONS

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

“Announcement”	the joint announcement of the Company and China Assets about the Open Offer and the possible General Offer dated 3 August 2023
“Application Form”	the application form being issued to Qualifying Shareholders to apply for Open Offer Shares up to their entire Assured Allotments
“associate”	the meaning ascribed to it in the Listing Rules or the Takeovers Code (as the context may require)
“Board”	the board of Directors
“Business Day”	the meaning ascribed to it in the Listing Rules
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Operational Procedures”	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS
“China Assets” or “Underwriter”	China Assets (Holdings) Limited, a company incorporated in Hong Kong with limited liability whose entire issued share capital is owned by New Synergies, and a Shareholder holding 328,029,445 Shares at the Latest Practicable Date
“China Assets Undertaking”	an undertaking given by China Assets in favour of the Company to procure that application is made for the entire assured allotment of Open Offer Shares relating to Shares of which it is the beneficial owner
“Company”	First Shanghai Investments Limited (第一上海投資有限公司), a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 0227)
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the laws of Hong Kong), as amended, modified or supplemented from time to time

DEFINITIONS

“Compensatory Arrangements”	arrangements to place the Unsubscribed Shares by the Placing Agent on a best efforts basis to investors (other than Shareholders) who (and whose ultimate beneficial owners, if applicable) are Independent Third Parties pursuant to Rule 7.26A(1)(b) of the Listing Rules
“Composite Document”	the composite offer and response document to be jointly issued by China Assets and the Company in connection with the General Offer in accordance with the Takeovers Code if China Assets becomes obliged to make the General Offer
“connected person”	the meaning ascribed to it in the Listing Rules
“CWUMPO”	the Companies (Winding Up and Miscellaneous Proceedings) Ordinance
“Directors”	the Directors of the Company
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any of his delegates
“First Shanghai Securities” or “Placing Agent”	First Shanghai Securities Limited, a wholly-owned subsidiary of the Company and a corporation licensed under the SFO to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activity, which will act as agent of the Company in the Placing, and the offer agent to China Assets in respect of the possible General Offer and will make the General Offer if required, on behalf of China Assets
“General Offer”	the possible mandatory cash general offer that may be made by First Shanghai Securities for and on behalf of China Assets to acquire the General Offer Shares on the terms and conditions to be set out in the Composite Document and in compliance with the Takeovers Code

DEFINITIONS

“General Offer Independent Board Committee”	the independent committee of the Board comprising Mr. Kwok Lam Kwong Larry, the non-executive director and all the independent non-executive Directors, namely Prof. Woo Chia-Wei, Mr. Liu Ji, Mr. Yu Qihao, Mr. Zhou Xiaohe and Mr. Li Zhiyun which has been established to advise the Independent Shareholders in respect of the terms of the General Offer and as to acceptance of the General Offer
“General Offer Price”	the price of HK\$0.11 per General Offer Share payable in cash by China Assets on the terms of the General Offer
“General Offer Shares”	1,020,592,456 Shares being all the Shares expected to be in issue following the Open Offer and Compensatory Arrangements but excluding those Shares already owned or agreed to be acquired by China Assets and parties acting in concert with it
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and, where the context so permits, includes the CCASS Operational Procedures
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Financial Adviser”	Capital 9 Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, appointed by the Company to advise the General Offer Independent Board Committee in connection with the General Offer and in particular as to whether the General Offer is, or is not, fair and reasonable and as to acceptance

DEFINITIONS

“Independent Shareholders”	Shareholders other than (i) China Assets, the other Lo Parties, their ultimate beneficial owners and their associates (as that term is defined in the Listing Rules) and parties acting in concert with any of them and as to voting; and (ii) those who are involved or have interests in the Compensatory Arrangements, the Placing Agreement, the Open Offer and the Underwriting Agreement that are different to those of the general body of Shareholders
“Independent Third Party”	third parties independent of and not connected with the Company and its connected persons and not acting in concert with the Lo Parties, their ultimate beneficial owners and parties acting in concert with any of them
“Irrevocable Undertakings”	collectively, the Mr. Lo Undertaking, Kinmoss Undertaking, New Synergies Undertaking, China Assets Undertaking and Mr. Yeung Undertaking
“Kinmoss”	Kinmoss Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability the entire issued share capital of which is owned by Mr. Lo, and a Shareholder holding 85,138,236 Shares at the Latest Practicable Date
“Kinmoss Undertaking”	an undertaking given by Kinmoss in favour of the Company to procure that application is made for the entire assured allotment of Open Offer Shares relating to Shares of which it is the beneficial owner
“Last Trading Day”	Monday, 31 July 2023, being the trading day for the Shares last preceding the publication of the Announcement
“Latest Practicable Date”	Wednesday, 18 October 2023 being the latest practicable date for ascertaining certain information in this Prospectus
“Latest Time for Application”	4:00 p.m. on Wednesday, 8 November 2023 or such other date as may be agreed between the Company and China Assets as the last day for application and payment for the Open Offer Shares
“Listing Committee”	the meaning ascribed to it in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Lo Parties”	Mr. Lo, Kinmoss, New Synergies and China Assets which together are the controlling shareholders of the Company for the purposes of the Listing Rules
“Mr. Lo”	Mr. Lo Yuen Yat, the Chairman and an executive Director and at the Latest Practicable Date a Shareholder directly holding 115,217,218 Shares who is also deemed under the SFO to be interested in (a) 85,138,236 Shares owned by Kinmoss; (b) 252,082 Shares owned by New Synergies; and (c) 328,029,445 Shares owned by China Assets
“Mr. Lo Undertaking”	an undertaking given by Mr. Lo in the Underwriting Agreement to procure that application is made for the entire assured allotment of Open Offer Shares relating to Shares of which he is the beneficial owner
“Mr. Yeung”	Mr. Yeung Wai Kin, an executive Director, the chief financial officer and company secretary of the Company, and a Shareholder holding 15,541,924 Shares at the Latest Practicable Date
“Mr. Yeung Undertaking”	an undertaking given by Mr. Yeung in favour of the Company to procure that application is made for the entire assured allotment of Open Offer Shares relating to Shares of which he is the beneficial owner
“Net Gain”	the total amount of premium of all Unsubscribed Shares placed under the Placing Agreement, if any, over the aggregate amount of (i) the Subscription Price for the Unsubscribed Shares; and (ii) the expenses of the Placing Agent (including any related commissions and other related expenses/fees)
“New Synergies”	New Synergies Investments Company Limited, a company incorporated in Hong Kong with limited liability issued share capital of which is owned as to 40% by Mr. Lo, 30% by his brother, Mr. Lao Kaisheng and 30% by his sister Ms. Lao Jiangsheng, whose principal business is investment holding, and a Shareholder holding 252,082 Shares at the Latest Practicable Date

DEFINITIONS

“New Synergies Undertaking”	the undertaking given by New Synergies in favour of the Company to procure that application is made for the entire assured allotment of Open Offer Shares relating to Shares of which it is the beneficial owner
“No Action Shareholders”	Qualifying Shareholders who do not apply in part or in full for the Open Offer Shares in their assured allotments, or Non-Qualifying Shareholders (as the case may be)
“Non-Qualifying Shareholders”	those Overseas Shareholders whom the Directors, after making enquiry regarding the legal restrictions under the laws of the relevant place and the requirements of the relevant regulatory body or stock exchange, consider it necessary or expedient to exclude from the Open Offer
“Open Offer”	the offer for subscription on the terms of the Prospectus Documents now being made to the existing Shareholders of the Open Offer Shares at the Subscription Price on the basis of assured allotments two Open Offer Shares for every five Shares held by the Shareholders on the Record Date
“Open Offer Shares”	the 625,908,544 new Shares to be allotted and issued under the Open Offer
“Overseas Shareholders”	Shareholders whose names appeared on the register of members of the Company as at the close of business on the Record Date and whose addresses as shown on such register are outside Hong Kong
“Placing Agreement”	the placing agreement dated Monday, 31 July 2023 between the Company and the Placing Agent in respect of the Compensatory Arrangements
“Placing End Date”	the fourth Business Day following and excluding the date of the Latest Time for Application which is expected to be Wednesday, 15 November 2023
“Placing Period”	the period from Tuesday, 14 November 2023 to 4:00 p.m. on the Placing End Date, or such other dates as the Company may determine and announce, being the period during which the Placing Agent will seek to effect the Compensatory Arrangements

DEFINITIONS

“PRC”	the People’s Republic of China which, for the purpose of this Prospectus, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Prospectus”	this offering Prospectus issued by the Company in relation to the Open Offer
“Prospectus Documents”	the Prospectus and the Application Form
“Qualifying Shareholders”	Shareholders whose names appeared on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholders
“Record Date”	the date by reference to which assured allotments under the Open Offer were determined, being Thursday, 12 October 2023
“Registrar”	Computershare Hong Kong Investor Services Limited, the Company’s share registrar
“Settlement Date”	the Business Day following and excluding the Placing End Date (or such other date as China Assets and the Company may agree)
“SFO”	the Securities and Futures Ordinance
“Shares”	shares of no par value in the share capital of the Company
“Shareholders”	holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.11 per Open Offer Share
“substantial shareholder”	the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“trading day”	the meaning ascribed to it under the Listing Rules
“Undertaking Providers”	the Lo Parties and Mr. Yeung
“Underwriting Agreement”	the underwriting agreement dated 31 July 2023 between the Company and China Assets in relation to the Open Offer

DEFINITIONS

“Underwritten Shares”	408,236,984 Open Offer Shares underwritten by China Assets pursuant to the Underwriting Agreement, which do not include the Shares subject to the Irrevocable Undertakings
“Unsubscribed Shares”	the Open Offer Shares that are not subscribed by the Qualifying Shareholders (including the aggregated fractional Open Offer Shares) and the Open Offer Shares which would otherwise have been allotted to the Non-Qualifying Shareholders (as the case may be)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

EXPECTED TIMETABLE FOR THE OPEN OFFER

The expected timetable for the Open Offer is set out below:

2023

Latest time for application and payment for Open Offer Shares	4:00 p.m. on Wednesday, 8 November
Announcement of number of Unsubscribed Shares subject to Compensatory Arrangements	Monday, 13 November
Commencement of placing of Unsubscribed Shares by Placing Agent	Tuesday, 14 November
Placing End Date for placing Unsubscribed Shares	4:00 p.m. on Wednesday, 15 November
Latest time for termination of Underwriting Agreement by China Assets	4:00 p.m. on Wednesday, 15 November
Settlement Date and Open Offer becomes unconditional	4:00 p.m. on Thursday, 16 November
Announcement of results of Open Offer (including results of placing of Unsubscribed Shares and Net Gain under Compensatory Arrangements)	Thursday, 16 November
Despatch of certificates for fully paid Open Offer Shares	Friday, 17 November
Despatch of refund cheques if Open Offer is terminated	Friday, 17 November
Payment of Net Gain to relevant No Action Shareholders (if any)	Friday, 17 November
First time of dealings in fully paid Open Offer Shares	9:00 a.m. on Monday, 20 November

The General Offer if required, will be made as soon as practicable after completion of the Underwriting Agreement and is expect to be made within seven days upon the Open Offer, the Compensatory Arrangements and the Underwriting Agreement being unconditional.

All times in this Prospectus refer to Hong Kong time.

The expected timetable set out above is indicative only and is subject to change, and any change will be announced by the Company as and when appropriate.

EXPECTED TIMETABLE FOR THE OPEN OFFER

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR APPLICATION

If a tropical cyclone warning signal number 8 or above or “extreme conditions” caused by a super typhoon, or a “black” rainstorm warning the date of the Latest Time for Application:

- (i) at any time before 12:00 noon and no longer in force after 12:00 noon, the Latest Time for Application will be postponed to 5:00 p.m. on the same Business Day; or
- (ii) at any time between 12:00 noon and 4:00 p.m., the Latest Time for Application will be rescheduled to 4:00 p.m. on the next Business Day which does not have any of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

Under such circumstances, the dates mentioned in the expected timetable above (including, without limitation, the Settlement Date) may be affected and if so an appropriate announcement will be made.

UNDERWRITING AGREEMENT

PRINCIPAL TERMS OF THE UNDERWRITING AGREEMENT

Date	:	31 July 2023
Parties	:	(i) the Company; and (ii) China Assets, a connected person of the Company, as underwriter
Number of Underwritten Shares	:	408,236,984 Shares being the total number of the Open Offer Shares less 217,671,560 Open Offer Shares in the assured allotments relating to Shares beneficially owned by the Undertaking Providers
Commission	:	2% of the gross proceeds from the subscription of the Underwritten Shares actually taken up by China Assets under the Underwriting Agreement, a commission negotiated on arm's length terms by reference to underwriting commission in similar arrangements

The terms of the Underwriting Agreement were determined after arm's length negotiations between the Company and China Assets with reference to the financial position of the Group, the current and expected market conditions, and taking into consideration the intention of China Assets to facilitate the Company's fundraising efforts.

CONDITIONS OF THE UNDERWRITING AGREEMENT

The Underwriting Agreement was approved by the Shareholders in the extraordinary general meeting held on 22 September 2023. It is conditional upon the fulfilment of the following conditions:

- (i) compliance by the Company with its undertakings and obligations under the Underwriting Agreement;
- (ii) compliance by each Undertaking Provider with its obligations under its Irrevocable Undertaking; and
- (iii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Open Offer Shares and such listing and permission to deal not having been withdrawn or revoked before the expected first day of dealings.

UNDERWRITING AGREEMENT

None of these conditions had been satisfied at the Latest Practicable Date and none of them is waivable by parties to the Underwriting Agreement. In the event that the conditions above have not been satisfied at or before 4:00 p.m. on the Settlement Date (or, in each case, such later time or date as the Underwriter and the Company may agree), all liabilities of the parties thereto shall cease and neither party shall have any claim against the other.

TERMINATION OF THE UNDERWRITING AGREEMENT

China Assets is entitled by a notice in writing to the Company, served prior to 4:00 p.m. on the Settlement Date, to terminate the Underwriting Agreement if:

- (i) in the reasonable opinion of China Assets, the success of the Open Offer would be materially and adversely affected by:
 - (a) the introduction of any new regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of China Assets materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date thereof), of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of China Assets materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
 - (c) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out which would, in the reasonable opinion of China Assets materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole;
- (ii) any material adverse change in market conditions (including, without limitation, a change in fiscal or monetary policy or foreign exchange or currency markets, suspension or restriction of trading in securities, and a change in currency conditions which, for this purpose, includes a change in the system under which the value of the Hong Kong currency is pegged to the currency of the United States of America) occurs which in the reasonable opinion of China Assets makes it inexpedient or inadvisable to proceed with the Open Offer; or

UNDERWRITING AGREEMENT

(iii) the Company's application to the Stock Exchange for listing of and permission to deal in the Open Offer Shares is withdrawn by the Company and/or refused by the Stock Exchange.

China Assets is entitled by a notice in writing to rescind the Underwriting Agreement prior to 4:00 p.m. on the Settlement Date if any material breach of any of the warranties comes to the knowledge of China Assets. Any such notice shall be served prior to 4:00 p.m. on the Settlement Date.

If, prior to 4:00 p.m. on the Settlement Date, any such notice as is referred to above is given by China Assets, the obligations of both parties under the Underwriting Agreement (without prejudice to any rights of either party in respect of any breach prior to such termination which shall remain in full force and effect) shall terminate forthwith.

If China Assets terminates the Underwriting Agreement, the Open Offer will not proceed.

WARNING OF RISKS OF DEALING IN THE SHARES

ANY SHAREHOLDER OR OTHER PERSON CONTEMPLATING TRANSFERRING, SELLING OR PURCHASING SHARES IS ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SHARES. ANY PERSON WHO IS IN ANY DOUBT ABOUT HIS/HER/ITS POSITION OR ANY ACTION TO BE TAKEN IS RECOMMENDED TO CONSULT HIS/HER/ITS OWN PROFESSIONAL ADVISER. ANY SHAREHOLDER OR OTHER PERSON DEALING IN THE SHARES UP TO THE DATE ON WHICH ALL THE CONDITIONS TO WHICH THE OPEN OFFER IS SUBJECT ARE FULFILLED WILL ACCORDINGLY BEAR THE RISK THAT THE OPEN OFFER MAY NOT PROCEED.

LETTER FROM THE BOARD



FIRST SHANGHAI INVESTMENTS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 227)

Directors:

Mr. Lo Yuen Yat (*Chairman*)
Mr. Xin Shulin
Mr. Yeung Wai Kin
Ms. Lao Yuanyuan
Mr. Kwok Lam Kwong, Larry, *S.B.S., J.P.**
Prof. Woo Chia-Wei**
Mr. Liu Ji**
Mr. Yu Qihao**
Mr. Zhou Xiaohe**
Mr. Li Zhiyun**

Registered Office:

Room 1903, Wing On House
71 Des Voeux Road Central
Hong Kong

* *Non-executive Director*

** *Independent non-executive Director*

25 October 2023

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

Dear Sir or Madam,

**OPEN OFFER
ON THE BASIS OF TWO OPEN OFFER SHARES
FOR EVERY FIVE SHARES HELD ON THE RECORD DATE
UNDERWRITTEN BY
CHINA ASSETS (HOLDINGS) LIMITED**

OPEN OFFER

In the Announcement, the Company disclosed amongst other things that it proposed to make the Open Offer. Its proposal was approved by the Shareholders on 22 September 2023 and the Open Offer is now being made by way of the Prospectus Documents on the basis of two Open Offer Shares for every five Shares in issue held by the Qualifying Shareholders on the Record Date, at the Subscription Price of HK\$0.11 each, to raise gross proceeds of approximately HK\$68.8 million by issuing a total of 625,908,544 Open Offer Shares. The net

LETTER FROM THE BOARD

proceeds from the Open Offer after deducting related expenses are estimated to be approximately HK\$64.7 million and the net Subscription Price per Open Offer Share is estimated to be approximately HK\$0.103.

The purpose of this Prospectus is to provide you with information on the Open Offer, including the procedure for application and payment for the Open Offer Shares, and certain financial information and other general information of the Group.

Issue statistics

Basis of the Open Offer	:	Two (2) Open Offer Shares for every five (5) Shares held on the Record Date
Subscription Price	:	HK\$0.11 per Open Offer Share
Number of Shares in issue at the Latest Practicable Date	:	1,564,771,361 Shares
Number of Open Offer Shares	:	625,908,544 Shares
Number of Open Offer Shares to be applied for by the Undertaking Providers	:	Pursuant to the Irrevocable Undertakings, the Undertaking Providers have irrevocably undertaken to the Company (i) that the aggregate 544,178,908 Shares beneficially owned by them will remain beneficially owned by them before the date when the announcement of the results of the Open Offer is published; (ii) to apply or procure application for their respective assured allotments in full under the Open Offer (for an aggregate of 217,671,560 Open Offer Shares); and (iii) to lodge or procure lodgment of the Application Forms in respect of those assured allotments accompanied by appropriate remittances which are honoured on first presentation and otherwise comply with the procedures for application prior to the Latest Time for Application
Number of Shares to be in issue upon completion of the Open Offer	:	2,190,679,905 Shares, assuming that no new Shares other than the Open Offer Shares are allotted and issued on or before completion of the Open Offer
Funds to be raised before expenses	:	Approximately HK\$68.8 million

LETTER FROM THE BOARD

- Number of Underwritten Shares : 408,236,984 Shares being the total number of Open Offer Shares less the 217,671,560 Open Offer Shares in the assured allotments that are the subject of the Irrevocable Undertakings
- Underwriter : China Assets, a substantial shareholder and a connected person of the Company, which is ultimately beneficially owned as to 40% by Mr. Lo, an executive Director, 30% by his brother, Mr. Lao Kaisheng and 30% by his sister Ms. Lao Jiangsheng, whose principal business is investment holding, and the ordinary course of business of which does not include underwriting

At the Latest Practicable Date, the Company had no outstanding warrants, options or convertible securities or other similar rights which are convertible or exchangeable into Shares. The Company has no intention to issue any new Shares and any other securities except the Open Offer Shares before completion of the Open Offer and the General Offer. The 625,908,544 Open Offer Shares to be issued pursuant to the Open Offer represent approximately 40.0% of the total number of the existing issued Shares as at the Latest Practicable Date and approximately 28.6% of the total number of issued Shares as enlarged immediately upon the completion of the Open Offer (assuming all the Open Offer Shares will be taken up).

Subscription Price

The Subscription Price of HK\$0.11 per Open Offer Share is payable in full by a Qualifying Shareholder upon application for Open Offer Shares under the Open Offer. The Subscription Price represents:

- (i) a premium of approximately 2.8% over the closing price of HK\$0.107 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 1.9% over the average of the closing prices per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Latest Practicable Date of approximately HK\$0.108;
- (iii) a discount of approximately 12.0% to the closing price of HK\$0.125 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iv) a discount of approximately 9.8% to the average of the closing prices per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.122;

LETTER FROM THE BOARD

- (v) a discount of approximately 10.6% to the average of the closing prices per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.123;
- (vi) a discount of approximately 12.7% to the average of the closing prices per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.126;
- (vii) a discount of approximately 3.2% to the theoretical ex-entitlement price of approximately HK\$0.121 per Share based on the closing price of HK\$0.125 per Share as quoted on the Stock Exchange on the Last Trading Day and the number of Shares as enlarged by the Open Offer Shares;
- (viii) a premium of approximately 0.9% over the theoretical ex-entitlement price of approximately HK\$ 0.108 per Share based on the closing price of HK\$0.107 per Share as quoted on the Stock Exchange on the Latest Practicable Date and the number of Shares as enlarged by the Open Offer Shares;
- (ix) a discount of approximately 92.6% to the audited consolidated net asset value per Share attributable to the Shareholders at 31 December 2022 of approximately HK\$1.481 per Share calculated based on the audited consolidated net assets of the Group attributable to the Shareholders of approximately HK\$2,316.79 million as at 31 December 2022 as extracted from the annual report of the Company for the year ended 31 December 2022 and 1,564,771,361 Shares as at the Latest Practicable Date; and
- (x) a discount of approximately 92.5% to the unaudited consolidated net asset value per Share attributable to the Shareholders at 30 June 2023 of approximately HK\$1.466 per Share calculated based on the unaudited consolidated net assets of the Group attributable to the Shareholders of approximately HK\$2,293.33 million as at 30 June 2023 as extracted from the interim report of the Company for the six months ended 30 June 2023 and 1,564,771,361 Shares as at the Latest Practicable Date.

Based on the closing price on the Latest Practicable Date of approximately HK\$0.107 per Share, the theoretical ex-entitlement price would be approximately HK\$0.108 per Share, hence there is no dilution effect (as defined in Rule 7.27B of the Listing Rules) as the theoretical ex-entitlement price is higher than the closing price on the Latest Practicable Date.

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Conditions of the Open Offer

The Open Offer is conditional upon, among other things, the Underwriting Agreement becoming unconditional and not being terminated. Details of the Underwriting Agreement are set out below.

If the conditions of the Underwriting Agreement are not fulfilled or the Underwriting Agreement is terminated, the Open Offer will not proceed.

Basis of assured allotments

The basis of assured allotments is two (2) Open Offer Shares for every five (5) Shares held by Shareholders at the close of business on the Record Date.

Fractional assured allotments

Open Offer Shares in assured allotments have been rounded down to the nearest whole number. No fractional Shares will be issued under the Open Offer. All fractions of Open Offer Shares will be aggregated and first offered for placing by the Placing Agent under the Compensatory Arrangements (see the paragraph headed “Procedures in respect of the Unsubscribed Shares and the Compensatory Arrangements” below) to Independent Third Parties and, if not successfully placed out, will be taken up by China Assets pursuant to the terms of the Underwriting Agreement.

Status of the Open Offer Shares

The Open Offer Shares, when issued and fully paid, will be free from all liens, charges, encumbrances and third-party rights, interests or claims of any nature whatsoever and shall rank *pari passu* in all respects with the Shares then in issue, including as to the right to receive all dividends and distributions which may be declared, made or paid on or after the date of allotment of the Open Offer Shares.

Qualifying Shareholders and Non-Qualifying Shareholders

The Company is, to the extent permitted under the relevant laws and regulations and reasonably practicable, sending the Prospectus only to Non-Qualifying Shareholders (if any) for information. Non-Qualifying Shareholders are not entitled to apply under the Open Offer.

The Open Offer Shares are being offered only to Qualifying Shareholders and each Qualifying Shareholder is entitled to apply for the Open Offer Shares at the same price with an assured allotment in proportion to his/her/its shareholding in the Company on the Record Date.

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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.

At the Latest Practicable Date, based on the register of members of the Company as at the close of business on 12 October 2023 (being the Record Date), the Company had 58 Overseas Shareholders with registered addresses situated outside Hong Kong, in Australia, Canada, the PRC, Macau, Malaysia, New Zealand, the Philippines, Singapore, the United Kingdom and the United States of America, who collectively held 1,215,992 Shares in aggregate (representing approximately 0.08% of the total number of Shares in issue as at the Latest Practicable Date).

In compliance with Rule 13.36(2)(a) of the Listing Rules, the Board has made enquiries regarding the legal restrictions under the applicable securities legislation of the relevant jurisdictions and the requirements of the relevant regulatory body or stock exchange with respect to the offer of the Open Offer Shares to such Overseas Shareholders. Based on the results of such enquiries of relevant legal restrictions and requirements of Singapore, Macau, the PRC, the United Kingdom and the Philippines, the Board is of the opinion that either (i) there are no regulatory restrictions or requirements of any regulatory body or stock exchange with respect to extending the Open Offer to the Overseas Shareholders in the relevant jurisdictions; or (ii) the Open Offer meets the relevant exemptions requirements under the relevant jurisdictions so that the Prospectus Documents would be exempt from approval or recognition and/or registration requirements with the relevant regulatory authorities under the applicable laws and regulations of the relevant jurisdictions. Accordingly, the Board has resolved that the Open Offer will be extended to the Overseas Shareholders having registered addresses in Singapore, Macau, the PRC, the United Kingdom and the Philippines, and such Overseas Shareholders are therefore considered as Qualifying Shareholders.

Further, in respect of Overseas Shareholders having registered addresses in Singapore, the PRC, the United Kingdom and the Philippines, your attention is drawn to the following statements:

(a) Singapore

“No prospectus or offer information statement

There will not be any prospectus or offer information statement registered or lodged in Singapore in connection with the Open Offer to Qualifying Shareholder(s) as such Open Offer is an exempted offering made on a pro-rata non-renounceable basis to existing members of the Company pursuant to the exemption under Section 273(1)(cd) of the Securities and Futures Act (Cap. 289) of Singapore (the “SFA”). This Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Open Offer Shares may not be circulated or distributed, nor may the Open Offer Shares be offered or sold, or be made the subject of an invitation for

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subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) where directed to existing members of the Company pursuant to Section 273(1)(cd) of the SFA or (ii) pursuant to, and in accordance with the conditions of, any other applicable exemption under the SFA.

Notification under Section 309B of the SFA

The Open Offer Shares are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products)."

(b) The PRC

"If a Shareholder resident in the PRC wishes to invest in the Open Offer Shares, he/she/it shall be responsible for complying with the relevant laws of the PRC. The Company will not be responsible for verifying the PRC legal qualification of such Shareholder, and therefore, should the Company suffer any losses and damages due to the non-compliance with the relevant laws of the PRC by any such Shareholder, the Shareholder shall be responsible for compensating the Company for the same. The Company shall not be obliged to issue the Open Offer Shares to any such Shareholder, if the Company, in its absolute discretion, considers that issuing the Open Offer Shares to such Shareholder does not comply with the relevant laws of the PRC."

(c) The United Kingdom

"In the United Kingdom, this Prospectus is made, supplied or directed only at:

- (i) qualified investors in the United Kingdom who are: (a) persons having professional experience in matters relating to investments who fall within the definition of investment professionals in article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (as amended) ("FPO"); or (b) high net worth bodies corporate, unincorporated associations and partnerships and trustees of high value trusts as described in article 49 of the FPO; and*
- (ii) persons whom the Company reasonably believes are the Company's creditors or members or persons entitled to specific investments issued by the Company in the United Kingdom under article 43 of the FPO."*

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(d) The Philippines

THE SECURITIES BEING OFFERED OR SOLD HEREIN HAVE NOT BEEN REGISTERED WITH THE PHILIPPINES SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES REGULATION CODE. ANY FUTURE OFFER OR SALE OF THE SECURITIES IS SUBJECT TO THE REGISTRATION REQUIREMENTS UNDER THE CODE UNLESS SUCH OFFER OR SALE QUALIFIES AS AN EXEMPT TRANSACTION.

On the other hand, based on the results of such enquiries of relevant legal restrictions and requirements of Malaysia, Canada, Australia, the United States of America and New Zealand, the Board is of the view that either (i) the Prospectus Documents will be required to be registered or filed with or subject to approval by the relevant regulatory authorities (as the case may be) in these jurisdictions; or (ii) the Company will need to take additional steps and procedures in order to comply with the regulatory requirements of the relevant regulatory authorities in these jurisdictions. The Company will be required to comply with the relevant laws and regulations if the Open Offer is extended to the Overseas Shareholders with registered addresses in Malaysia, Canada, Australia, the United States of America, and New Zealand. Therefore, the Board considers the potential time and costs required to register the Prospectus and/or fulfil the relevant local legal or regulatory requirements in order to extend the Open Offer to such Overseas Shareholders (i) outweigh the potential benefit that would have been made available to such Overseas Shareholders if the Open Offer is extended to them; and (ii) is not in the interests of the Company and the Shareholders as a whole. Accordingly, the Board considers that it is necessary or expedient and in the interests of the Company and the Shareholders as a whole not to offer the Open Offer Shares to such Overseas Shareholders and has resolved that such Overseas Shareholders will be regarded as Non-Qualifying Shareholders.

The Prospectus is being despatched to the Non-Qualifying Shareholders for information only. No Application Form will be sent to Non-Qualifying Shareholders.

Procedures in respect of the Unsubscribed Shares and Compensatory Arrangements

Pursuant to Rule 7.26A(2) of the Listing Rules, as China Assets, a substantial Shareholder and a connected person of the Company, acts as underwriter of the Open Offer, the Company has made arrangements of the type described in Rule 7.26A(1)(b) of the Listing Rules to dispose of any Unsubscribed Shares by offering such Unsubscribed Shares to independent placees for the benefit of the relevant No Action Shareholders.

Any Unsubscribed Shares (which comprise (i) the fractional Open Offer Shares aggregated as mentioned above; (ii) the Open Offer Shares that are not subscribed by the Qualifying Shareholders; and/or (iii) Open Offer Shares which would otherwise have been in the assured allotments of the Non-Qualifying Shareholders) will be first placed by the Placing Agent under

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the Compensatory Arrangements to investors which, and the ultimate beneficial owners of which, are not Shareholders and are otherwise Independent Third Parties and, if not successfully placed out, will be taken up by the Underwriter pursuant to the Underwriting Agreement.

The Company has entered into the Placing Agreement with the Placing Agent to place the Unsubscribed Shares at a price at least equal to the Subscription Price to independent placees on a “best efforts” basis, and any Net Gain that may be realised will be paid to No Action Shareholders and the Company as described below.

Details of the Compensatory Arrangements under the Placing Agreement are summarised below:

Date of Placing Agreement	:	31 July 2023
Placing Agent	:	First Shanghai Securities, a wholly-owned subsidiary of the Company
Placing commission	:	1% of the gross proceeds from the successful placement of Unsubscribed Shares
Placing price	:	A price that is at least equal to the Subscription Price
Placing Period	:	The period from the Business Day following the date on which the number of Unsubscribed Share subject to the Compensatory Arrangements is announced, (which is expected to be 14 November 2023), to the Placing End Date (which is expected to be 15 November 2023) or such other dates as may be agreed between the Placing Agent and the Company
Placees	:	The Unsubscribed Shares are expected to be placed to investors which, and the ultimate beneficial owners of which, are not Shareholders and are otherwise Independent Third Parties
Condition precedent	:	The Placing Agreement is conditional on the Underwriting Agreement becoming unconditional and not having been terminated

No placee will become a substantial shareholder of the Company upon completion of the Placing.

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The Placing Agent is required, on a best efforts basis during the Placing Period, to procure subscribers who are Independent Third Parties for the Unsubscribed Shares. If any Net Gain can be obtained, such Net Gain will be paid (without interest) to No Action Shareholders and the Company as set out below on pro rata basis (but rounded down to the nearest cent and subject as mentioned below):

- (i) where an assured allotment is not applied for in full, the relevant Shareholder by reference to the extent that Shares in his/her/its assured allotment are not applied for (unless that person is covered by (ii) below);
- (ii) the relevant Non-Qualifying Shareholders with reference to their shareholdings on the Record Date; and
- (iii) the Company where there are aggregated fractional Open Offer Shares placed, with reference to the number of the aggregated fractional Open Offer Shares as a percentage of the total Unsubscribed Shares placed.

If and to the extent in respect of any Net Gain, any No Action Shareholder becomes entitled on the basis described above to an amount of HK\$200 or more, such amount will be paid to that No Action Shareholder in Hong Kong Dollars. The Company will retain any amounts of less than HK\$200 that may otherwise be payable to a No Action Shareholder for its own benefit.

Any unplaced Unsubscribed Shares will then be taken up by China Assets pursuant to the terms of the Underwriting Agreement.

The Placing Agent is a wholly-owned subsidiary of the Company and has confirmed that there is no other arrangement, agreement, understanding or undertaking with China Assets in relation to the Shares other than its agreement to act as the offer agent to China Assets in respect of the possible General Offer. The terms of the Placing Agreement, including the placing commission, were determined after arm's length negotiation between the Placing Agent and the Company on normal commercial terms with reference to prevailing market rates of commission. The Directors consider that the terms of the Placing Agreement are fair and reasonable.

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

Given the Company has put in place the Compensatory Arrangements as required by Rule 7.26A(1)(b) of the Listing Rules, there are no excess application arrangements in relation to the Open Offer as stipulated under Rule 7.26A(1)(a) of the Listing Rules.

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Share certificates for the Open Offer Shares and refund cheques for the Open Offer Shares

Subject to the Open Offer closing, share certificates for the fully paid Open Offer Shares are expected to be posted by Friday, 17 November 2023 to those entitled thereto by ordinary post at their own risk.

If the Open Offer is terminated, refund cheques in respect of the applications for the Open Offer Shares are expected to be posted on or before Friday, 17 November 2023 by ordinary post to the applicants at their own risk.

Qualifying Shareholders who do not apply for their full assured allotments of the Open Offer Shares, and Non-Qualifying Shareholders, should note that their shareholdings in the Company will be diluted.

Application for listing of the Open Offer Shares

The Company has applied to the Listing Committee for the listing of, and permission to deal in, the Open Offer Shares on the Stock Exchange.

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

Dealings in the Open Offer Shares will be subject to the payment of stamp duty and other applicable fees and charges in Hong Kong.

IRREVOCABLE UNDERTAKINGS

As at the Latest Practicable Date, the Undertaking Providers were interested in an aggregate of 544,178,905 Shares, representing approximately 34.78% of the entire issued share capital of the Company.

Pursuant to the Irrevocable Undertakings, each of the Undertaking Providers has irrevocably undertaken to the Company amongst other things (i) to apply or procure application for and pay for all Open Offer Shares which will be in the assured allotment of Open Offer

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Shares in respect of the Shares beneficially owned by it; and (ii) to procure that an application for the entire assured allotment in respect of those Open Offer Shares is lodged in accordance with the terms of the Prospectus Documents.

An aggregate of 217,671,560 Open Offer Shares are subject to the Irrevocable Undertakings.

UNDERWRITING AGREEMENT

Principal terms of the Underwriting Agreement

Date	:	31 July 2023
Parties	:	(i) the Company; (ii) the Underwriter, being China Assets, a connected person of the Company
Number of Underwritten Shares	:	408,236,984 Shares being the total number of the Open Offer Shares less 217,671,560 Open Offer Shares which will be in the assured allotment relating to Shares beneficially owned by the Undertaking Providers
Commission	:	2% of the gross proceeds from the subscription of the Underwritten Shares actually taken up by China Assets under the Underwriting Agreement, a commission negotiated on arm's length terms by reference to underwriting commission in similar arrangements

The terms of the Underwriting Agreement were determined after arm's length negotiations between the Company and China Assets with reference to the financial position of the Group, the current and expected market conditions, and taking into consideration the intention of China Assets to facilitate the Company's fundraising efforts. The Directors are of the view that the terms of the Underwriting Agreement are fair and reasonable, and the transactions contemplated under the Underwriting Agreement are on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

The major benefit expected to accrue to the Company as a result of the Underwriting Agreement is that it will ensure the Company raises all the capital it seeks in the Open Offer.

FUND RAISING EXERCISES IN PRECEDING TWELVE-MONTHS

The Company has not conducted any fund-raising activity in the twelve months immediately prior to the date of the Announcement.

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EFFECT OF THE OPEN OFFER ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Beneficial Shareholder	(i) At the Latest Practicable Date		(ii) Immediately after completion of Open Offer assuming application for full assured allotments		(iii) Immediately after completion of Open Offer assuming no application by Qualifying Shareholders (other than Undertaking Providers) and all Unsubscribed Shares placed to Independent Third Parties under the Compensatory Arrangements		(iv) Immediately after completion of Open Offer assuming no application by Qualifying Shareholders (other than Undertaking Providers) and no Independent Third Parties take up the Unsubscribed Shares and all Unsubscribed Shares taken up by China Assets under the Underwriting Agreement	
	Number of		Number of		Number of		Number of	
	Shares	%	Shares	%	Shares	%	Shares	%
Mr. Lo	115,217,218	7.36	161,304,105	7.36	161,304,105	7.36	161,304,105	7.36
Kinmoss ⁽¹⁾	85,138,236	5.44	119,193,530	5.44	119,193,530	5.44	119,193,530	5.44
New Synergies ⁽²⁾	252,082	0.02	352,914	0.02	352,914	0.02	352,914	0.02
China Assets ⁽³⁾	328,029,445	20.96	459,241,223	20.96	459,241,223	20.96	867,478,207	39.59
Mr. Yeung ⁽⁴⁾	15,541,924	1.00	21,758,693	1.00	21,758,693	1.00	21,758,693	1.00
The Lo Parties including China Assets and parties acting in concert with them	544,178,905	34.78	761,850,465	34.78	761,850,465	34.78	1,170,087,449	53.41
Mr. Zhou Xiaohu ⁽⁵⁾	160,000	0.01	224,000	0.01	160,000	0.01	160,000	0.01
Independent places	–	–	–	–	408,236,984	18.63	–	–
Public Shareholders	1,020,432,456	65.21	1,428,605,440	65.21	1,020,432,456	46.58	1,020,432,456	46.58
	<u>1,564,771,361</u>	<u>100.00</u>	<u>2,190,679,905</u>	<u>100.00</u>	<u>2,190,679,905</u>	<u>100.00</u>	<u>2,190,679,905</u>	<u>100.00</u>

Notes:

- (1) 100% of the issued share capital of Kinmoss is owned by Mr. Lo.
- (2) The issued share capital of New Synergies is owned as to 40% by Mr. Lo, 30% by his brother Mr. Lao Kaisheng and 30% by his sister Ms. Lao Jiangsheng.
- (3) 100% of the issued share capital of China Assets is owned by New Synergies.

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- (4) Mr. Yeung is an executive Director, the chief financial officer and company secretary of the Company. Solely by reason of presumption class (6) in the definition of “acting in concert” in the Takeovers Code, Mr. Yeung, as a Director, is presumed to be a party acting in concert with Mr. Lo.
- (5) Mr. Zhou Xiaohu is an independent non-executive Director of the Company.

If no Qualifying Shareholder (other than the Undertaking Providers) takes up Open Offer Shares and no Unsubscribed Shares are placed to independent places and China Assets is required to take up all the Underwritten Shares, the shareholding of the existing public Shareholders will be reduced from approximately 65.21% at the Latest Practicable Date to approximately 46.58%, and the shareholding of the Lo Parties including China Assets and persons acting in concert with them would be increased from approximately 34.78% at the Latest Practicable Date to approximately 53.41%, on completion of the Open Offer, the Compensatory Arrangements and the Underwriting Agreement.

If a Qualifying Shareholder does not subscribe for its assured allotment in full under the Open Offer, its proportionate shareholding in the Company will be diluted.

REASONS FOR THE OPEN OFFER

The Group has the following operating segments:

- Financial services, including securities investment, securities broking, margin financing, corporate finance, underwriting and placements, asset management and wealth management.
- Property development and hotels, including property development, property investment, property management and hotel and golf operation.
- Other businesses, including medical and healthcare businesses and direct investment.

The Board considered various means of fund raising other than an open offer, such as debt financing or rights issue, and placing of new Shares, before resolving to propose the Open Offer which has been approved by Shareholders. The Board considers that further debt financing in a time of rising interest rates would result in an additional interest burden and higher gearing ratio, which is not beneficial to the Group. A placing of new Shares would not allow Shareholders to participate in the fund-raising exercise and their respective shareholdings in the Company would be diluted without them being offered an opportunity to maintain their proportionate interests in the Company. A rights issue would allow Shareholders the opportunity to maintain their pro-rata shareholdings, as does the Open Offer. Unlike the Open Offer, a rights issue would allow the trading of rights entitlements, but the Directors are of the view that the interests of Shareholders who choose not to participate in full in the Open Offer will be protected by the Compensatory Arrangements.

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Although a rights issue, in contrast to an open offer, would provide an option to those Shareholders who do not wish to take up their entitlements to sell their nil-paid rights, a rights issue would involve extra administrative work and cost in preparation, printing, and posting, and processing of trading of nil-paid rights. The Company would also need to expend resources to administer trading of the nil-paid rights including communications between the Company and other parties such as the Registrar. In addition, given the thin turnover of trading in the Shares, there may be no active market in nil-paid rights. The Board considers raising funds by way of the Open Offer is more cost-effective and efficient than a rights issue.

As at 31 August 2023, the Group had outstanding bank borrowings of approximately HK\$185.6 million which are repayable between September 2023 and December 2029 of which HK\$120.7 million and HK\$17.4 million in aggregate are repayable in 2023 and 2024 respectively.

Taking into account the capital needs and the financial position of the Group and in particular the additional capital to be raised by way of the Open Offer (the net proceeds of which represents approximately 35% of the outstanding bank borrowings of the Group as at 31 August 2023) will strengthen the financial position of the Group and alleviate the financial burden of the Group when the short-term borrowings of the Group fall due.

The Company's share price dropped from HK\$0.18 on 3 January 2023 to HK\$0.125 on the Last Trading Day and was HK\$0.107 at the Latest Practicable Date. The Subscription Price represents an approximately 12.0% discount to the closing price of the Shares on the Last Trading Day and an approximately 92.6% discount to the audited consolidated net asset value per Share at 31 December 2022, a premium of approximately 2.8% over the closing price of HK\$0.107 per Share on the Latest Practicable Date and a discount of approximately 92.5% to the unaudited consolidated net asset value per Share attributable to the Shareholders at 30 June 2023. The proceeds will mainly be used to repay a loan owed to China Assets, a substantial shareholder, and there is no specific plan or urgency for the use of the balance of the proceeds (HK\$32.3 million) as described below. The Board considers that the Open Offer is fair and reasonable for the Company and its Shareholders taking into account (i) all Shareholders have equal opportunity to participate in the Open Offer at the same Subscription Price; (ii) the declining trend in the market price of the Shares; and (iii) the continued troubled equity markets and ongoing inflation. The Board considers equity fund raising is likely to become more difficult in the foreseeable future and it is in the interests of the Company and its Shareholders to raise capital now to provide the Group with cash to fund its development plan as described below.

USE OF PROCEEDS

The gross proceeds from the Open Offer are expected to be approximately HK\$68.8 million. The net proceeds from the Open Offer after deducting related expenses are estimated to be approximately HK\$64.7 million. The net Subscription Price per Open Offer Share is thus expected to be approximately HK\$0.103. The Company intends to apply (i) approximately

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HK\$32.4 million to repay a loan of HK\$30.0 million plus interest accrued but unpaid (which at the Latest Practicable Date amounted to approximately HK\$32.4 million owed to China Assets), details of which are set out below and which was payable on 24 August 2023 but has been rolled over so that repayment will now fall due on 30 November 2023, and (ii) approximately HK\$32.3 million to finance the further development of the financial services business.

The loan in the principal amount of HK\$30.0 million was advanced by China Assets pursuant to a loan agreement dated 24 August 2021 and was payable three months after drawdown but has been repeatedly rolled over, most recently on 8 August 2023, so that repayment will now fall due on 30 November 2023. The loan is unsecured and carries interest at the rate of 4% per annum. Its purpose was to fund working capital of the Group, including the operation of its medical and healthcare business. The amount payable on repayment of the loan on 30 November 2023 is expected to be approximately HK\$32.7 million.

The development plan of the financial services business includes general development of more funds products in the asset management business and further investment in IT systems to enhance trading and settlement capability. No specific items of expenditure have yet been decided.

POSSIBLE MANDATORY CASH GENERAL OFFER

At the Latest Practicable Date, the Company had 1,564,771,361 Shares in issue. Upon completion of the Open Offer, the Compensatory Arrangements and the Placing Agreement and the Underwriting Agreement, the Company will have 2,190,679,905 Shares in issue. There were no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue at the Latest Practicable Date.

At the Latest Practicable Date, China Assets, and its ultimate beneficial owners, together with the parties acting in concert with any of them beneficially own in aggregate, 544,178,905 Shares, representing approximately 34.78% of the Shares in issue at the Latest Practicable Date, which is not less than 30% and not more than 50%. Therefore, China Assets, its ultimate beneficial owners together with parties acting in concert with any of them are subject to the 2% “creeper rule” under Rule 26.1(d) of the Takeovers Code. Mr. Yeung and Mr. Zhou Xiaohu are the only Directors other than Mr. Lo who beneficially own Shares.

Upon Completion of the Open Offer, the Compensatory Arrangements and the Placing Agreement and the Underwriting Agreement, China Assets and its ultimate beneficial owners, together with parties acting in concert with any of them may increase their shareholding in the Company from approximately 34.78% by more than 2%, to approximately 53.41%. If that happens then pursuant to Rule 26.1 of the Takeovers Code, China Assets will be obliged to make an offer in cash for the General Offer Shares.

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Subject to and conditional upon China Assets becoming obliged to make the General Offer, First Shanghai Securities will make the General Offer on behalf of China Assets in compliance with the Takeovers Code on terms to be set out in the Composite Document to be issued in accordance with the Takeovers Code, on the following basis:

The General Offer

For each General Offer Share HK\$0.11 in cash

The General Offer Price of HK\$0.11 per General Offer Share under the General Offer is the same as the Subscription Price. Certain price comparisons are set out in the paragraph “Subscription Price” under the section headed “Open Offer” above.

Pre-conditions to, and Conditions of, the General Offer

The making of the General Offer is subject to and conditional upon completion of the Open Offer, the Compensatory Arrangements and the Placing Agreement and the Underwriting Agreement resulting in the number of votes attached to Shares owned and controlled by China Assets and its ultimate beneficial owners, together with parties acting in concert with any of them increasing by more than 2% from the percentage being approximately 34.78% currently owned or controlled by them.

Depending on the level of successful applications under the Open Offer, the results of the Compensatory Arrangements, the Placing Agreement and the number of Underwritten Shares taken up by China Assets, the aggregate shareholding of China Assets and its ultimate beneficial owners, together with parties acting in concert with any of them may vary. The aggregate shareholding of China Assets, its ultimate beneficial owners and parties acting in concert with any of them is expected to be less than 50% of the then issued share capital immediately after completion of the Open Offer, the Compensatory Arrangements and the Underwriting Agreement and if so, the General Offer (if required) when made, will be conditional only on acceptances being received in respect of voting rights which, together with voting rights acquired or agreed to be acquired before or during the General Offer, will result in China Assets and its ultimate beneficial owners, together with parties acting in concert with any of them holding more than 50% of the voting rights in the Company. If the aggregate shareholding exceeds 50%, the General Offer will be unconditional in all respects at the outset.

Further announcements will be made in this regard if and when appropriate.

LETTER FROM THE BOARD

Total value of the Underwriting Agreement and the General Offer

Under the Open Offer, there are 408,236,984 Underwritten Shares in aggregate. Based on the Subscription Price of HK\$0.11 per Open Offer Share, the maximum aggregate cash consideration payable by China Assets under the Open Offer for the 408,236,984 Underwritten Shares will be approximately HK\$44.9 million. On this basis, the total number of the then issued Shares which will be subject to the General Offer is 1,020,592,456 Shares (being the number of Shares expected to be in issue after the Open Offer other than those already owned or agreed to be acquired by China Assets and its ultimate beneficial owners and parties acting in concert with any of them). Based on the General Offer Price of HK\$0.11 per Share, the maximum amount payable by China Assets under the General Offer for 1,020,592,456 Shares will be approximately HK\$112.3 million. Accordingly, the total funds that may be required for the Open Offer Shares that are the subject of the Irrevocable Undertakings of Lo Parties, the Underwritten Shares under the Open Offer and the General Offer will be approximately HK\$180.5 million in aggregate as follows:

– for the Irrevocable Undertakings of Lo Parties:	HK\$23.3 million
– for the Underwriting Agreement:	HK\$44.9 million
– for the General Offer:	HK\$112.3 million

An aggregate of 217,671,560 Open Offer Shares are subject to the Irrevocable Undertakings by the Lo Parties and Mr. Yeung. The gross proceeds of these Open Offer Shares are expected to amount to approximately HK\$23.9 million.

Confirmation of financial resources

China Assets intends to finance the maximum amount of cash payments payable under the Underwriting Agreement (i.e. for 408,236,984 Underwritten Shares) and the General Offer (i.e. for 1,020,592,456 Shares) in an expected total sum of approximately HK\$157.2 million from its internal resources.

First Shanghai Capital Limited, the financial adviser to China Assets in respect of the General Offer, is satisfied that the Lo Parties including China Assets have sufficient financial resources available to them to satisfy their funding needs for the full implementation of the Underwriting Agreement and the General Offer in accordance with their respective terms.

China Assets had confirmed and First Shanghai Capital Limited has ascertained that the Lo Parties have sufficient internal financial resources, and will maintain such financial resources, for the full settlement of cash payments payable under the Open Offer in respect of the Irrevocable Undertakings made by them (i.e. approximately HK\$23.3 million for 211,454,791 Open Offer Shares).

LETTER FROM THE BOARD

TAKEOVERS CODE IMPLICATIONS

The General Offer

The making of the General Offer is subject to and conditional on the results of the Open Offer, the Compensatory Arrangements and the Placing Agreement and the Underwriting Agreement and to China Assets becoming obliged to extend it under the Takeovers Code.

Depending on the level of subscriptions under the Open Offer, the results of the Compensatory Arrangements and the number of Underwritten Shares taken up by China Assets, the aggregate shareholding of China Assets, its ultimate beneficial owners and parties acting in concert with any of them may vary. The aggregate shareholding of China Assets and its ultimate beneficial owners, together with parties acting in concert with any of them at the Latest Practicable Date is approximately 34.78%, being less than 50% of the issued share capital. If the Open Offer, the Compensatory Arrangements, the Placing Agreement and the number of Underwritten Shares taken up by China Assets result in the number of votes attached to Shares owned and controlled by China Assets and its ultimate beneficial owners, together with parties acting in concert with any of them increasing by more than 2%, the General Offer must be made. The General Offer, if and when made, will be conditional on acceptances being received in respect of voting rights which, together with voting rights acquired or agreed to be acquired before or during the General Offer, will result in China Assets and its ultimate beneficial owners, together with parties acting in concert with any of them holding more than 50% of the voting rights in the Company unless they then hold more than 50%, in which case it will be unconditional in all respect at the outset.

ESTABLISHMENT OF GENERAL OFFER INDEPENDENT BOARD COMMITTEE AND APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Company has established the General Offer Independent Board Committee, comprising Mr. Kwok Lam Kwong Larry, the non-executive director, and all the independent non-executive Directors, namely Prof. Woo Chia-Wei, Mr. Liu Ji, Mr. Yu Qihao, Mr. Zhou Xiaohe and Mr. Li Zhiyun to advise the Independent Shareholders in respect of the terms of the General Offer and as to acceptance of the General Offer whose advice will be set out in the Composite Document.

The Independent Financial Adviser has been appointed to advise the General Offer Independent Board Committee in respect of the terms and as to acceptance of the General Offer and in particular as to whether the General Offer is, or is not, fair and reasonable. The appointment of the Independent Financial Adviser has been approved by the General Offer Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code.

LETTER FROM THE BOARD

DESPATCH OF COMPOSITE DOCUMENT

Pursuant to the Takeovers Code, China Assets is required, within 21 days after the date of the Announcement or such later date as the Executive may approve, to despatch an offer document in relation to the General Offer and the Company is required to send to the Shareholders within 14 days of the posting of the offer document, a response document containing, among other things, financial information of the Company and the information required under the Takeovers Code, together with any other information the Company considers to be relevant to enable Shareholders to reach a properly-informed decision on the General Offer.

At the Latest Practicable Date it is not known if and when China Assets will become obliged to make the General Offer and it is the intention of China Assets and the Board that the offer document and the offeree board response in respect of the General Offer (if it is required) will be combined in the Composite Document.

The making of the General Offer is conditional upon the results of the Open Offer, the Compensatory Arrangements and the Underwriting Agreement. An application has been made for the consent of the Executive, and the Executive has indicated that it is minded to grant its consent, for an extension of the time limit for the despatch of the Composite Document to within seven days upon the Open Offer, the Compensatory Arrangements and the Underwriting Agreement being unconditional.

WARNING OF THE RISKS OF DEALING IN SHARES

Shareholders of and potential investors in the Company should note that the Open Offer is conditional upon the fulfillment of certain conditions and the General Offer will only be made after the results of the Open Offer, the Compensatory Arrangements and the underwriting under the Underwriting Agreement are known and show that an obligation to make the General Offer has arisen. Accordingly, the Open Offer may or may not take place and the General Offer may or may not proceed.

Shareholders and potential investors should also note that the General Offer Independent Board Committee has yet to receive, consider and evaluate the General Offer. The Directors express no opinion as to the fairness or reasonableness of the General Offer and make no recommendation as to the acceptance of the General Offer and strongly recommend the Shareholders not to form a view on the General Offer unless and until they have received and read the Composite Document, including the recommendations of the General Offer Independent Board Committee in respect of the General Offer and a letter of advice from the Independent Financial Adviser.

Shareholders are advised to exercise caution when dealing in the Shares. If they are in any doubt about their position, they should consult their own professional advisers.

LETTER FROM THE BOARD

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

Yours faithfully,
By order of the Board
FIRST SHANGHAI INVESTMENTS LIMITED
LO Yuen Yat
Chairman

FINANCIAL INFORMATION OF THE GROUP

The consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes of equity and any other primary statement are shown in (i) the audited consolidated financial statements of the Group for the year ended 31 December 2020 (the “**2020 Financial Statements**”); (ii) the audited consolidated financial statements of the Group for the year ended 31 December 2021 (the “**2021 Financial Statements**”); (iii) the audited consolidated financial statements of the Group for the year ended 31 December 2022 (the “**2022 Financial Statements**”); and (iv) the unaudited consolidated financial statements of the Group for the six months ended 30 June 2023 (the “**2023 Interim Financial Statements**”); together with significant accounting policies and the notes to the relevant published financial statements which are of major relevance to the appreciation of the above financial information.

The 2020 Financial Statements are set out on pages 37 to 114 of the annual report of the Company for the year ended 31 December 2020, which was published on 26 April 2021 on the websites of the Stock Exchange and the Company, and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0426/2021042600436.pdf>

The 2021 Financial Statements are set out on pages 36 to 116 of the annual report of the Company for the year ended 31 December 2021, which was published on 22 April 2022 on the websites of the Stock Exchange and the Company, and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0422/2022042201554.pdf>

The 2022 Financial Statements are set out on pages 35 to 110 of the annual report of the Company for the year ended 31 December 2022, which was published on 21 April 2023 on the websites of the Stock Exchange and the Company, and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0421/2023042101205.pdf>

The 2023 Interim Financial Statements are set out on pages 9 to 34 of the interim report of the Company for the six months ended 30 June 2023, which was published on 25 September 2023 on the websites of the Stock Exchange and the Company, and is accessible via the following hyperlink:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0925/2023092500553.pdf>

NO MATERIAL CHANGE

The Directors confirm that, save as disclosed below and in the paragraph headed “Business Review and Financial and Trading Prospects” below in this Appendix and as disclosed in the 2022 Financial Statements and/or the 2023 Interim Financial Statements, there has been no material adverse change in the financial or trading positions or outlook of the Group since 31 December 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up) and up to the Latest Practicable Date.

INDEBTEDNESS

At the close of business on 31 August 2023, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Prospectus, apart from intra-group liabilities, the Group had the following indebtedness:

Bank and other borrowings

As at 31 August 2023, the Group had total outstanding borrowings of approximately HK\$221.0 million, comprising of (i) secured and guaranteed bank loans of approximately HK\$176.0 million; (ii) unsecured and guaranteed bank loans of approximately HK\$10.0 million; and (iii) unsecured and unguaranteed other loans of approximately HK\$35.0 million.

Pledge of assets of the Group

As at 31 August 2023, properties of approximately HK\$142.7 million, investment properties of approximately HK\$296.8 million, leasehold land and land use rights of approximately HK\$27.5 million and properties held for sale of approximately HK\$95.5 million and fixed deposits of the Group of approximately HK\$15.0 million were pledged to secure its bank loans and general banking facilities. Among such bank loans and general banking facilities, HK\$176.0 million had been utilized. No bank borrowing was secured by charges over listed securities pledged by the customers to the Group as margin and IPO loan collateral.

Lease obligations

As at 31 August 2023, the Group had outstanding lease payments in respect of right-of-use assets, land and buildings, vehicles, trucks and machinery of approximately HK\$19.3 million, which were unguaranteed and secured by the rental deposits paid by the Group.

Contingent liabilities

The Group had certain litigations and/or claims of material importance as stated in the paragraph headed “MATERIAL LITIGATION” in Appendix III to this Prospectus. Also, the Group had guarantees given to banks for the mortgage loans arranged for the purchasers of the Group’s properties in PRC. As at 31 August 2023, the Group’s total contingent liabilities amounted to approximately HK\$20.1 million.

Disclaimers

Save as aforesaid, and apart from intra-group liabilities and normal trade and other payables in the ordinary course of the business, the Group did not have any outstanding debt securities issued and outstanding, and authorised or otherwise created but unissued, term loans, bank overdrafts and loans, other loans or other similar indebtedness, liabilities under acceptance or acceptance credits, debentures, mortgages, charges, hire purchases commitments, other recognised lease liabilities, which are either guaranteed, unguaranteed, secured or unsecured, guarantees or contingent liabilities, at the close of business on 31 August 2023.

The Board confirms that, save as disclosed above, there has not been any material change in the indebtedness or contingent liabilities of the Group since 31 August 2023.

SUFFICIENCY OF WORKING CAPITAL

The Directors are of the opinion that, after taking into account the internal financial resources presently available to the Group, including the banking facilities and other borrowings available to the Group and the existing cash and bank balances, and the expected net proceeds from the Open Offer, the Group has sufficient working capital, in the absence of unforeseeable circumstances, to meet its present requirements for at least the next twelve months from the date of this Prospectus.

BUSINESS REVIEW AND FINANCIAL AND TRADING PROSPECTS

The Group is principally engaged in corporate finance, stockbroking, property development, property investment, hotel operations, medical and healthcare services, direct investment, investment holding and management.

In the first half of 2023, the global economy appeared poised for a gradual recovery, following the fraught period of economic slowdown, geopolitical realignments, high inflation rate, volatile financial markets and aggressive interest rate hikes over the past few years. For the six months ended 30 June 2023, the Group reported a net loss attributable to shareholders of approximately HK\$2 million, representing a decrease of 94% as compared to the net loss of approximately HK\$33 million reported from the corresponding period of 2022. The significant drop of the Group's net loss in the first half of 2023 was mainly attributable to the fact, that (a) the medical centre closes in 2022 and hence no material operating expenses were incurred from the medical and healthcare business in 2023, and (b) there was on an increase in net interest income due to interest rate hikes.

The Group expects the financial market will continue to be very volatile due to a combination of factors, such as the credit events of Chinese property developers, relaxation of domestic real estate policies, increased expectations of interest rate hikes by the US Federal Reserve, and mounting geopolitical tensions.

The Group will maintain a cautious and proactive approach regarding the risk and credit control of its operation and business development. The Group will seek to play an active role to drive the digitalization and automation process of its financial services to further enhance its customer experience and operating efficiency. The Group will also seek to enrich its product matrix and broaden its customer base to cope with market demands and continue to actively reinforce market knowledge and listen to the needs of its customers so as to seize business opportunity in a timely manner under the rapidly changing environment.

The Group will stay vigilant of the uncertainties on the road to recovery ahead, with disciplined cost control and prudent risk management measures. The Group will also endeavor to diversify its strategies so as to grasp valuable business opportunities for the Group to advance its business model and to grow in the coming years.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

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

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

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared by the directors of the Company in accordance with paragraph 4.29 of the Listing Rules to illustrate the effect of the Open Offer on the consolidated net tangible assets of the Group as if the Open Offer had been completed on 30 June 2023.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group is prepared based on the published unaudited consolidated net assets of the Group as at 30 June 2023, as extracted from the published interim results announcement of the Company for the six months ended 30 June 2023 which are published on both the website of the Stock Exchange and the website of the Company, after incorporating the unaudited pro forma adjustments described in the accompanying notes.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets attributable to equity holders of the Group following the Open Offer.

Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2023 ^(Note 2) HK\$'000 (Unaudited)	Estimated net proceeds from the Open Offer ^(Note 3) HK\$'000	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2023 as adjusted for the Open Offer HK\$'000 (Unaudited)	Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2023 prior to Open Offer per share ^(Note 4) HK\$ (Unaudited)	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2023 as adjusted for the Open Offer per Share ^(Note 5) HK\$ (Unaudited)
Based on 625,908,544 Open Offer Shares to be issued at the Subscription Price of HK\$0.11 per Open Offer Share ^(Note 1)				
2,271,421	65,189	2,336,610	1.45	1.07

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

Notes:

1. Based on the 625,908,544 Open Offer Shares to be issued at the Subscription Price of HK\$0.11 per Open Offer Share pursuant to the Open Offer on the basis of two Open Offer Shares for every five Shares held and 1,564,771,361 Shares in issue as at the Latest Practicable Date.
2. The unaudited consolidated net tangible assets of the Group attributable to the equity holders of the Company as at 30 June 2023 is based on the unaudited consolidated net assets of approximately HK\$2,352,954,000 after deducting non-controlling interests of approximately HK\$59,627,000 as at 30 June 2023, with an adjustment for intangible assets, right-of-use assets, and deferred tax assets of approximately HK\$1,726,000, HK\$20,133,000 and HK\$47,000 respectively, as extracted from the published interim results announcement of the Company for the six months ended 30 June 2023.
3. The estimated net proceeds from the Open Offer are based on 625,908,544 Open Offer Shares to be issued at the Subscription Price of HK\$0.11 per Open Offer Share, after deduction of the related estimated expenses, net of placing commission to be paid to a wholly-owned subsidiary of the Company amounting to approximately HK\$0.5 million, of approximately HK\$65.2 million.
4. The number of Shares used for the calculation of unaudited consolidated net tangible assets per Share attributable to the equity holders of the Company as at 30 June 2023 is 1,564,771,361 Shares.
5. The unaudited pro forma adjusted consolidated net tangible assets per Share attributable to the equity holders of the Company after completion of the Open Offer is calculated based on 2,190,679,905 Shares in issue upon completion of the Open Offer, which represents the 1,564,771,361 Shares in issue as at the Latest Practicable Date and 625,908,544 Open Offer Shares expected to be issued on the completion of the Open Offer.
6. No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 30 June 2023.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of the independent reporting accountants' assurance report, received from CHENG & CHENG LIMITED, Certified Public Accountants, Hong Kong, the reporting accountants of the Company in relation to the Open Offer, in respect of the unaudited pro forma financial information of the Group, prepared for the purpose of inclusion in this Prospectus.

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



CHENG & CHENG LIMITED
Certified Public Accountants
鄭鄭會計師事務所有限公司

To the Directors of FIRST SHANGHAI INVESTMENTS LIMITED

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of FIRST SHANGHAI INVESTMENTS LIMITED (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”) by the directors of the Company (the “Directors”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated net tangible assets as at 30 June 2023 and related notes as set out on pages II-1 and II-2 of the Prospectus issued by the Company dated 25 October 2023 (the “Prospectus”). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 and II-2 of the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the impact of the open offer on the Group’s net tangible assets as at 30 June 2023 as if the transaction had taken place at 30 June 2023. As part of this process, information about the Group’s net tangible assets has been extracted by the Directors from the Group’s consolidated financial statements for the period ended 30 June 2023, on which no auditor’s report or review conclusion has been published.

Directors’ Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 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 Circular” (“AG 7”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

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 or 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 the unaudited pro forma financial information included in an investment 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 30 June 2023 would have been as presented.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

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.

CHENG & CHENG LIMITED

Certified Public Accountants

Hong Kong, 25 October 2023

RESPONSIBILITY STATEMENT

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

SHARE CAPITAL

As a Hong Kong-incorporated company the Company does not have an authorised share capital and its shares have no nominal value.

All of the issued Shares rank, and all of the Open Offer Shares to be issued will rank, *pari passu* in all respects with all the Shares in issue as at the date of allotment and issue of the Open Offer Shares.

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

At the Latest Practicable Date there was no arrangement under which future dividends are or will be waived or agreed to be waived.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATION

As at the Latest Practicable Date, the interests of each director and chief executive in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of the SFO) as recorded in the register required to be kept by the Company under Section 352 of SFO or as notified to the Company were as follows:

Interests in respect of the Company:

Number of Shares and underlying Shares held

		Personal interests	Corporate Interests	Total	% of issued share capital of the Company
Directors					
Mr. Lo (<i>Note</i>)	Long position	115,217,218	413,419,763	528,636,981	33.78%
Mr. Yeung	Long position	15,541,924	–	15,541,924	0.99%
Mr. Zhou	Long position	160,000	–	160,000	0.01%

Note: 85,138,236 shares, 328,029,445 shares and 252,082 shares are held by Kinmoss, China Assets and New Synergies respectively. Kinmoss is a company wholly owned by Mr. Lo. China Assets is a company 40% indirectly owned by Mr. Lo through New Synergies and New Synergies is a company with 40% equity interests directly owned by Mr. Lo.

Save as disclosed above, as at Latest Practicable Date, none of the directors and chief executives (including their spouse and children under 18 years of age) had any interest in shares, underlying shares and debentures of the Company, its specified undertaking and its other associated corporation required to be disclosed pursuant to the SFO and the Hong Kong Companies Ordinance (Cap. 622).

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

SUBSTANTIAL SHAREHOLDERS

The register of substantial shareholders maintained under Section 336 of the SFO shows that at the Latest Practicable Date, the Company had been notified of the following substantial shareholder's interests, holding 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the directors.

Ordinary shares in the Company:

		Personal	Family		Total	% of issued share capital of the Company
		Interests	interests	Other interests		
Ms. CHAN Chiu, Joy						
("Ms. Chan") (Note)	Long position	61,576,000	12,432,000	63,640,000	137,648,000	8.80%
Mr. YIN Jian, Alexander						
("Mr. Yin") (Note)	Long position	12,432,000	61,576,000	63,640,000	137,648,000	8.80%

Note: 63,640,000 shares are held by The Golden Bridge Settlement, a trust with Ms. Chan and Mr. Yin as beneficiaries.

Save as disclosed above, the Directors are not aware that there is any party (other than directors or chief executive of the Company) who, as at the Latest Practicable Date, had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required pursuant to Section 336 of the SFO, to be entered into the register referred to therein, or, who is directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

DIRECTORS' SERVICE CONTRACTS

At the Latest Practicable Date, except that the existing service contracts for Mr. Yu Qihao and Mr. Zhou Xiaohe were renewed on 14 April 2023, none of the Directors had any existing or proposed service contract with the Company or any of its subsidiaries or associated companies which (i) (including both continuous and fixed term contracts) had been entered into or amended within 6 months before the date of the Announcement; or (ii) was a continuous contract with a notice period of 12 months or more; or (iii) was a fixed term contract with more than 12 months to run irrespective of the notice period; or (iv) was not determinable by the employer within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTEREST IN ASSETS

At the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, none of the Directors had any direct or indirect interest in any assets which had been since 31 December 2022 (being the date to which the latest published audited financial statements of the Group were made up) acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

DIRECTORS' INTEREST IN CONTRACTS OR ARRANGEMENTS

At the Latest Practicable Date, save for the Underwriting Agreement and the Irrevocable Undertakings, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to any business of the Group.

DIRECTORS' INTEREST IN COMPETING BUSINESSES

At the Latest Practicable Date, none of the Directors or their respective close associates (within the meaning of the Listing Rules) had any interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses where the Directors were appointed as Directors to represent the interests of the Company and/or the Group.

ADDITIONAL DISCLOSURE OF DEALINGS AND INTEREST IN THE SECURITIES OF THE COMPANY

China Assets has advised the Company that at the Latest Practicable Date:

- (i) save for 544,178,905 Shares (representing approximately 34.78% of the Shares in issue) held by China Assets and its ultimate beneficial owners and parties acting in concert with any of them, neither China Assets, its ultimate beneficial owners nor parties acting in concert with any of them own or have control or direction over any voting rights and rights over any Shares;
- (ii) China Assets, its ultimate beneficial owners and parties acting in concert with any of them have not received any irrevocable commitment to accept the General Offer;
- (iii) China Assets, its ultimate beneficial owners and parties acting in concert with any of them do not hold any convertible securities, warrants or options in the Company;
- (iv) China Assets, its ultimate beneficial owners and parties acting in concert with any of them have not entered into any outstanding derivatives in the securities of the Company;

- (v) save for the conditions mentioned in the paragraph headed “Pre-conditions to making, and conditions of, the General Offer” in the Announcement, the General Offer will not be subject to any conditions (including normal conditions relating to acceptance, listing and increase of capital);
- (vi) save for the Underwriting Agreement, the Open Offer, the Compensatory Arrangements and the Placing Agreement, there are no arrangements (whether by way of option, indemnity or otherwise) in relation to the Shares and which might be material to the General Offer (as referred to in Note 8 to Rule 22 of the Takeovers Code);
- (vii) save for the Open Offer, the Compensatory Arrangements, the Placing Agreement and the Underwriting Agreement, there are no agreements or arrangements to which China Assets is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the General Offer;
- (viii) China Assets, its ultimate beneficial owners and parties acting in concert with any of them have not borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company; and
- (ix) there is no understanding, arrangement or agreement which constitutes a special deal (as defined in Rule 25 of the Takeovers Code) between:
 - (1) Shareholders, and
 - (2) (a) China Assets, its ultimate beneficial owners and parties acting in concert with any of them; and
 - (b) the Company, its subsidiaries or associated companies.

INFORMATION ABOUT CHINA ASSETS

China Assets is a company incorporated in Hong Kong with limited liability. It is an investment holding company, and is ultimately beneficially owned as to 40% by Mr. Lo, an executive Director, and 30% by his brother Mr. Lao Kaisheng and 30% by his sister Ms. Lao Jiangsheng. There are no direct shareholding interests in the Company held by Mr. Lao Kaisheng and Ms. Lao Jiangsheng. At the Latest Practicable Date, China Assets owns or controls 328,029,445 Shares (representing approximately 20.96% of the Shares in issue) and therefore is a substantial shareholder and a connected person of the Company.

At the Latest Practicable Date, China Assets and its ultimate beneficial owners, together with parties acting in concert with any of them owned or controlled an aggregate of 544,178,905 Shares (representing approximately 34.78% of the Shares in issue).

MATERIAL LITIGATION

As at the Latest Practicable Date, so far as is known to the Board, the Group was involved in the following material litigation, claim or contingent liability:

Wuxi Landshine Real Estate Company Limited (“WL”), a non-wholly owned subsidiary of the Company, was involved in a litigation. The claimant, Shanghai Chong Ming Construction (Group) Company Limited 上海崇明建設(集團)有限公司 (“Claimant”), claimed from WL payment of construction costs in the amount of RMB110 million and interest in the amount of approximately RMB23.7 million and legal fees as damages for an alleged breach of contract of 房屋買賣與工程款抵消協議 (Set off construction costs agreement by sale and purchase of houses agreement) on 4 December 2015. Wuxi Intermediate People’s Court ruled in favour of the Claimant on 23 June 2021. In July 2021, WL appealed to the higher court which allowed the appeal and on 8 February 2023 remitted the case to the court of first instance for retrial. The first hearing was conducted on 8 September 2023. No schedule for next hearing has been fixed.

Save as disclosed above, as at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or arbitration or claims which would materially or adversely affect the operations of the Company and no litigation, arbitration or claim which would materially or adversely affect the operations of the Company was known to the Directors to be pending or threatened by or against any member of the Group.

EXPERTS AND CONSENTS

The following are the qualification of the experts who have given opinion or advice which are contained in this Prospectus:

Name	Qualifications
CHENG & CHENG LIMITED	Certified Public Accountants, Registered Public Interest Entity Auditor

The above experts have not withdrawn their written consent to the issue of this Prospectus with the inclusion herein of their letter, report and/or references to their name in the form and context in which they respectively appear.

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

At the Latest Practicable Date, the above experts did not have any direct or indirect interests in any assets which have been, since 31 December 2022 (being the date to which the latest published audited consolidated accounts of the Group were made up), acquired or disposed of by or leased to, any member of the Group, or which are proposed to be acquired or disposed of by or leased to, any member of the Group.

MATERIAL CONTRACTS

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

- (a) the Underwriting Agreement;
- (b) the Placing Agreement; and
- (c) the offer agent agreement dated 31 July 2023 between China Assets and First Shanghai Securities.

EXPENSES

The expenses in connection with the Open Offer, including underwriting and placing commissions, printing, registration, translation, legal and accountancy charges are estimated to amount to approximately HK\$4.1 million and are payable by the Company.

CORPORATE INFORMATION

Registered office	19/F, Wing On House, 71 Des Voeux Road Central, Hong Kong
Head office and principal place of business in Hong Kong	19/F, Wing On House, 71 Des Voeux Road Central, Hong Kong
Authorised representatives	Mr. Lo Yuen Yat 19th Floor, Wing On House, 71 Des Voeux Road Central, Hong Kong Mr. Yeung Wai Kin 19th Floor, Wing On House, 71 Des Voeux Road Central, Hong Kong

Company Secretary	Mr. Yeung Wai Kin <i>A member of each of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and the Taxation Institute of Hong Kong</i> 19th Floor, Wing On House, 71 Des Voeux Road Central, Hong Kong
Audit Committee	Mr. Yu Qihao (<i>Chairman</i>) Mr. Kwok Lam Kwong, Larry, <i>S.B.S., J.P.</i> Prof. Woo Chia-Wei Mr. Liu Ji Mr. Zhou Xiaohe Mr. Li Zhiyun
Remuneration Committee	Mr. Zhou Xiaohe (<i>Chairman</i>) Mr. Lo Yuen Yat Prof. Woo Chia-Wei Mr. Yu Qihao
Legal adviser to the Company	David Norman & Co
Auditors	PricewaterhouseCoopers <i>(Certified Public Accountants)</i> 22nd Floor, Prince's Building, Central, Hong Kong
Reporting Accountants in relation to the Open Offer	Cheng & Cheng Limited <i>(Certified Public Accountants)</i> Level 35, Tower 1, Enterprise Square Five, 38 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong
Placing Agent	First Shanghai Securities Limited Room 1903, Wing On House, 71 Des Voeux Road Central, Hong Kong
Underwriter	China Assets (Holdings) Limited Room 1903, Wing On House, 71 Des Voeux Road Central, Hong Kong
Share Registrar	Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong

Principal bankers

Bank of China (Hong Kong) Limited
33rd Floor, Bank of China Tower
1 Garden Road
Central
Hong Kong

Bank of Communications Co., Ltd.
Suite 604-611, 6/F
Tower 6, Gateway
Tsim Sha Tsui
Kowloon

China CITIC Bank International Limited
79th Floor, International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

China Construction Bank Corporation
Hong Kong Branch
23/F., CCB Tower
3 Connaught Road Central
Central
Hong Kong

Dah Sing Bank, Limited
21/F., Dah Sing Financial Centre
248 Queen's Road East
Wanchai
Hong Kong

OCBC Bank (Hong Kong) Limited
9th Floor
Nine Queen's Road Central
Hong Kong

Standard Chartered Bank (Hong Kong) Limited
23/F, Standard Chartered Bank Building
4-4A Des Voeux Road Central
Hong Kong

DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY

The following are brief biographies of each of the Directors and senior management of the Company.

Executive Directors

Mr. LO Yuen Yat (77). Appointed as Managing Director of the Company in 1993. Mr. Lo joined the Company in 1993 and is currently the Chairman of the Company. Previously, Mr. Lo was the senior policy researcher at China's National Research Centre for Science & Technology and Social Development, and worked at the State Science & Technology Commission, Ministry of Communications and Railway Ministry of the PRC. Mr. Lo graduated from Shanghai Fudan University and obtained his master degree from Harvard University.

Mr. XIN Shulin (69). Appointed as Director of the Company in 1998. Mr. Xin joined First Shanghai Investments Limited in 1994 as Executive Vice President in charge of direct investment and property development business. He graduated from Lanzhou University in 1982 and obtained his MBA degree from University of Denver, USA in 1992.

Mr. YEUNG Wai Kin (62). Appointed as Director of the Company in 1998. Mr. Yeung is also Chief Financial Officer and Company Secretary of the Company. He joined the Company in 1993 and has over 40 years' experience in auditing, finance and management positions. Mr. Yeung possesses professional membership of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and the Taxation Institute of Hong Kong. He has a bachelor's degree in law from Peking University.

Ms. LAO Yuanyuan (45). Appointed as Director of the Company in 2021. Ms. Lao was an executive director of China Assets from 2005 to 2015 and was redesignated as a non-executive director from 2016 to 2017. China Assets was listed in Hong Kong during the relevant period. Ms. Lao is responsible for direct investment business of the Group. Prior to joining China Assets, Ms. Lao worked in the investment banking division at Merrill Lynch & Co in New York City. Ms. Lao graduated magna cum laude from Columbia University, USA, where she studied Engineering Management Systems. Ms. Lao is the daughter of Mr. Lo Yuen Yat, the Chairman and executive director of the Company.

Non-executive Director

Mr. KWOK Lam Kwong, Larry, *S.B.S., J.P.* (67). Appointed as an Independent Non-executive Director of the Company in 1994 and re-designated to Non-executive Director of the Company in 2005. Mr. Kwok is a practising solicitor in Hong Kong and is qualified to practise as a solicitor in Australia, England and Wales and Singapore. He is also qualified as a certified public accountant in Hong Kong and Australia and a Chartered Accountant in England and Wales. He graduated from the University of Sydney, Australia with bachelor's degrees in economics and laws respectively as well as a master's degree in laws. He also obtained the Advanced Management Program Diploma from the Harvard Business School. Mr. Kwok is also an independent non-executive director of AAC Technologies Holdings Inc., Café De Coral Holdings Limited, China Oilfield Services Limited, Shenwan Hongyuan (H.K.) Limited and Starlite Holdings Limited.

Independent Non-executive Directors

Professor WOO Chia-Wei (85). Appointed as Independent Non-executive Director of the Company in 1993. Prof. Woo is currently Senior Advisor to Shui On Holdings Limited, and President Emeritus of the Hong Kong University of Science and Technology. Previously he was President, Provost, Department Chairman, and Professor of several prominent universities in the United States of America. He is also an independent non-executive director of Shanghai Industrial Holdings Limited.

Mr. LIU Ji (87). Appointed as Independent Non-executive Director of the Company in 2004. Mr. Liu is the Honorary President of China Europe International Business School in Shanghai. He served as Deputy Chairman, Research Fellow and Member of the Academic Board, The Chinese Academy of Social Sciences, and Executive President of China Europe International Business School. Mr. Liu graduated from the Department of Power Mechanical Engineering, Qinghua University, Beijing. Mr. Liu is also an independent director of O2micro International Limited, a NASDAQ-listed company.

Mr. YU Qihao (76). Appointed as Independent Non-Executive Director of the Company in 2005. He graduated from Shanghai University of Finance and Economics. From 1981 to 1991, Mr. Yu worked as a certified public accountant in an accounting firm in Shanghai. From 1992 to 1998, he acted as the assistant president of Shanghai Industrial Investment (Holdings) Company Limited. Mr. Yu also worked as an executive director from 1995 to 1997 and a non-executive director from 1997 to 1998 of Shenyin Wanguo (H.K.) Limited. During the period from 2001 to 2006, Mr. Yu was an advisor of Deloitte Touche Tohmatsu CPA Ltd in Shanghai.

Mr. ZHOU Xiaohe (71). Appointed as Independent Non-executive Director of the Company in 2007. Mr. Zhou has extensive experience in investment and financing industries. He was educated in China and graduated from the Beijing Industrial University major in Computer Automation. Mr. Zhou was a non-executive director of the Company from 18 May 1995 to 16 June 1998.

Mr. Li Zhiyun (59). Appointed as Independent Non-executive Director of the Company in 2023. Mr. Li is the founder of several entities, namely Mandarin Fine Foods Co. Ltd* (北京曼琳精美食品有限公司) (“Mandarin Fine Foods”), Beijing Pan Am International Flight School* (北京泛美國際飛行學院) (“Beijing PAIFS”), Phoenix International Flying College* (鳳凰國際飛行學院) (the “PIFC”), CETC Wuhu Diamond Aircraft Manufacture Co. Ltd (the “CETC Wuhu Diamond Aircraft”) and Wuhu Zhongke Aircraft Co. Ltd.* (蕪湖中科飛機製造有限公司) (“Wuhu Zhongke Aircraft”). Mr. Li has been acting as an investor and a director of the PIFC since October 2010, the vice-chairman of the board of CETC Wuhu Diamond Aircraft since October 2013, a director of Shandong Binao Aircraft Manufacture Co. Ltd* (山東濱奧飛機製造有限公司) since October 2014 and a general manager of Wuhu Zhongke Aircraft since October 2016. Mr. Li graduated from the Foreign Affairs Institute of China (currently known as China Foreign Affairs University) with a bachelor’s degree in international law in June 1986.

Senior Management

Mr. QIU Hong (53). Joined the Group in 2000 and is currently the Chief Executive Officer of First Shanghai Financial Holding Limited. Mr. Qiu is responsible for the management and business development of the Group’s financial service business. Prior to joining the Group, Mr. Qiu had worked for an international audit and consulting company and was responsible for the audit, strategic planning and corporate financing activities. With extensive experience and expertise in financial industry, Mr. Qiu is specializing in corporate financing, stockbrokerage and investment in Hong Kong and Chinese Mainland. Mr. Qiu holds a Bachelor’s Degree in Economics from the Zhong Shan University and a Master of Philosophy (Economics) degree from the Chinese University of Hong Kong.

** English names in this section are for identification only. If there is any inconsistency, the Chinese names shall prevail.*

Business address of the Directors and senior management

The business address of the Directors and senior management is the same as the Company’s principal place of business in Hong Kong and is at 19/F, Wing On House, 71 Des Voeux Road Central, Hong Kong.

MISCELLANEOUS

- (i) At the Latest Practicable Date, there was no restriction affecting the remittance of profits into Hong Kong or repatriation of capital of the Company into Hong Kong.
- (ii) The English texts of this Prospectus and the Application Form shall prevail over the Chinese texts in case of any inconsistency.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

A copy of each of the Prospectus Documents and the written consent referred to in the paragraph headed “Qualifications and Consent of the Experts” in this Appendix III, have been registered with the Registrar of Companies in Hong Kong for registration pursuant to section 38D of the CWUMPO.

DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Company (www.firstshanghai.com.hk), the Stock Exchange (www.hkexnews.hk) for not less than 14 days from the date of this Prospectus:

- (a) the report from Cheng & Cheng Limited on the unaudited pro forma financial information of the Group, the text of which is set out in Appendix II to this Prospectus;
- (b) the material contracts referred to in the paragraph headed “Material Contracts” in this Appendix;
- (c) the written consents referred to in the paragraph headed “Experts and Consents” in this Appendix; and
- (d) the service contracts referred to in the paragraph headed “Directors’ Service Contracts” in this Appendix.